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**ENFORCEMENT DECREE OF THE RESTRICTION OF SPECIAL
TAXATION ACT**

[Enforcement Date 08. May, 2017.] [Presidential Decree No.28009, 08. May,
2017., Partial Amendment]

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ACT

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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Decree is to prescribe matters delegated by the Restriction of Special Taxation Act and those necessary for the enforcement thereof. <Amended by Presidential Decree No. 18704, Feb. 19, 2005>

CHAPTER II DIRECT NATIONAL TAX

SECTION 1 Special Taxation for Small or Medium Enterprises

Article 2 (Scope of Small or Medium Enterprises)(1) "Small or medium enterprise prescribed by Presidential Decree" in Article 5 (1) of the Restriction of Special Taxation Act (hereinafter referred to as the "Act"), means an enterprise that meets each of the following requirements (hereinafter referred to as "small or medium enterprise"): Provided, That no enterprise with the total assets of at least 500 billion, shall be deemed a small or medium enterprise: <Amended by Presidential

Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18408, Jun. 5, 2004; Presidential Decree No. 18557, Oct. 5, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20244, Sep. 6, 2007; Presidential Decree No. 20290, Sep. 27, 2007; Presidential Decree No. 20428, Nov. 30, 2007; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Its turnover shall not exceed the standard amount specified in attached Table 1 to the Enforcement Decree of the Framework Act on Small and Medium Enterprises for each type of business (“ average turnover, etc. ” shall be construed as “ turnover ” ; hereafter in this Article, referred to as “ criteria for small or medium enterprises ”);
2. Deleted; <by [Presidential Decree No. 17034, Dec. 29, 2000](#)>
3. Its substantial independence shall meet the requirements prescribed in Article 3 (1) 2 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises. When calculating the indirect holding ratio of stocks, etc. under Article 3 (1) 2 (b) of the Enforcement Decree of the Framework Act on Small and Medium Enterprises, stocks, etc. indirectly held through a collective investment scheme defined under the Financial Investment Services and Capital Markets Act, shall be excluded; and “ enterprise whose average turnover, etc. does not meet the standard amount specified in attached Table 1 ” shall be construed as “ enterprise that does not meet the criteria for small or medium enterprises under Article 2 (1) 1 of the Enforcement Decree of the Restriction of Special Taxation Act ” for the purposes of Article 3 (1) 2 (c) of the Enforcement Decree of the Framework Act on Small and Medium Enterprises;
4. It shall not engage mainly in any of the consumer service businesses provided for in Article 29 (3).

(2) For the purposes of paragraph (1), if a small or medium enterprise falls under the proviso to paragraph (1) due to expansion of its size, etc. or ceases to be a small or medium enterprise because it fails to meet either of the requirements prescribed in paragraph (1) 1 or 3 (limited to cases to which Article 3 (1) 2 (c) of the Enforcement Decree of the Framework Act on Small and Medium Enterprises applies), such enterprise shall be deemed a small or medium enterprise only for the taxable year in which the relevant ground first arises and the three subsequent taxable years thereafter; and after the aforesaid period (hereafter in this Article, referred to as “ grace period ”), whether such enterprise falls under a small or medium enterprise shall be determined each taxable year pursuant to paragraph (1): Provided, That no grace period shall apply to an enterprise that ceases to be a small or medium enterprise due to any of the following grounds; and no grace period shall apply to any enterprise in the grace period, beginning from the taxable year in which the relevant ground arises (or the date of merger, if the enterprise in the grace period referred to in subparagraph 2, merges with a small or medium enterprise):

<Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Where the small or medium enterprise merges with an enterprise that is not a small or medium enterprise defined under the Framework Act on Small and Medium Enterprises;
2. Where the small or medium enterprise merges with an enterprise in the grace period;
3. Where the small or medium enterprise fails to meet the requirement prescribed in paragraph (1) 3 (excluding Article 3 (1) 2 (c) of the Enforcement Decree of the Framework Act on Small and Medium Enterprises);
4. Where the small or medium enterprise exceeds the criteria for small or medium enterprises as at the end of the taxable year within two years from the end of the taxable year in which it is incorporated.

(3) For the purposes of paragraph (1), where a small or medium enterprise engages in at least two different businesses, the business generating more revenue shall be deemed its principal business.<Amended by Presidential Decree No. 17034, Dec. 29, 2000 >

(4) Matters necessary for calculating the turnover, total assets, and indirect holding ratio of outstanding stocks referred to in the proviso to paragraph (1), paragraph (1) 1, and the latter part of paragraph (1) 3, and for determining whether an enterprise is a related company defined in Article 3 (1) 2 (c) of the Enforcement Decree of the Framework Act on Small and Medium Enterprises, shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(5) For the purposes of paragraph (1), where an enterprise becomes qualified as a small or medium enterprise due to an amendment of Article 3 (1) 2, attached Table 1, or attached Table 2 to the Enforcement Decree of the Framework Act on Small and Medium Enterprises, the enterprise shall be deemed a small or medium enterprise from the taxable year in which the relevant ground arises; and where the enterprise cease to be a small or medium enterprise, it shall be deemed a small or medium enterprise only for the taxable year in which the relevant ground arises and the three subsequent taxable years thereafter. <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

Article 3 (Leases Excluded from Tax Credit for Investment)

"Lease prescribed by Presidential Decree" in Article 5 (1), Article 11 (1), Article 24 (1), the former part of Article 25 (1), Article 25 - 2 (1), the former part of Article 25 - 3 (1), the former part of Article 25 - 4 (1), Article 25 - 5 (1), and the main sentence of Article 26 (1) of the Act, means leasing an asset to a national, excluding finance leases prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

Article 4 (Tax Credits for Investments by Small or Medium Enterprises, etc.)(1)

“ Middle - standing enterprise prescribed by Presidential Decree ” in Article 5 (1) of the Act, means an enterprise that meets each of the following requirements: <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No.

27848, Feb. 7, 2017 >

1. It shall not be a small or medium enterprise;
2. It shall not engage mainly in any of the following types of business:
 - (a) Any of the consumer service businesses provided for in Article 29 (3);
 - (b) Any of the types of business specified under Article 2 (2) 2 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;
3. Its substantial independence in ownership and management shall meet the requirement prescribed in Article 2 (2) 1 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;
4. The amount of its average turnover for the immediately preceding three taxable years (the turnover shall be calculated by the method specified in Article 2 (4); and the turnover for a taxable year, which is less than one year in length, shall be converted into the turnover for one year), shall be less than 150 billion won.

(2) "Business assets prescribed by Presidential Decree" in Article 5 (1) 1 of the Act, means tangible assets specified by Ordinance of the Ministry of Strategy and Finance, of such tangible assets mainly used for the relevant business, such as manufacturing (hereafter in this Article, referred to as "business assets"). <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015 >

(3) The amount invested under Article 5 (2) and (3) of the Act, shall be the greater of the amount of subparagraph 1 or 2 minus the amount of subparagraph 3: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015 >

1. The amount calculated by multiplying the total amount invested, by the progress rate of work referred to in Article 69 (1) of the Enforcement Decree of the Corporate Tax Act;
2. The amount actually spent by the relevant taxable year;
3. The aggregate of the amount invested for which tax credits for investment were granted before the relevant taxable year, and the amount calculated by applying mutatis mutandis subparagraph 1 to the investment made before the tax credit for investments was applied.

(4) For the purposes of Article 5 of the Act, business assets acquired to be used both for any of the consumer service businesses provided for in Article 29 (3) and for any other business, the point - of - sale information management system defined under the Distribution Industry Development Act, and facilities used for the information protection system defined in subparagraph 6 of Article 3 of the Framework Act on National Informatization, shall be deemed assets for the business that mainly uses the assets, if the depreciation period for such assets and facilities is at least two years.<Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

(5) A person who intends to be granted a tax credit for investments under Article 5 of the Act, shall file an application for tax credits for investments in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the investments are completed (referring to each taxable year in which the relevant investment is made, where the person intends to be granted a tax credit under Article 5 (2) of the Act).<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015>

Article 4 - 2 (Special Taxation for Supporting Projects of Informatization for Small or Medium Enterprises)

(1) "Small or medium enterprisers prescribed by Presidential Decree" in Article 5 - 2 of the Act, means small or medium enterprisers defined under the Framework Act on Small and Medium Enterprises. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(2) "Facilities prescribed by Presidential Decree" in subparagraph 3 of Article 5 - 2 of the Act, means any of the following equipment, such as software which computerizes management and distribution control by using computer or various control apparatuses (limited to those with the depreciation period of at least two years):<Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008>

1. Deleted;<by Presidential Decree No. 21064, Oct. 7, 2008>

2. Systems for making production facilities electronic and for informatizing production processes;
3. Information co - owning systems among enterprises for mutual ex - change, joint design, joint purchase, etc. of product - manufacturing information, inventory information, etc.;
4. Software to make an integrated support of at least two of unit affairs, such as personnel affairs, wages, accounting, cost control, inventory, financial affairs, sales, commercial pursuits, materials procurement, and logistics;
5. Other equipment prescribed by Ordinance of the Ministry of Strategy and Finance, to be used for informatization of enterprises.

(3) Any national who intends to include contributions, etc. paid in deductible expenses under Article 5 - 2 of the Act, shall submit, to the head of the tax office having jurisdiction over the place of tax payment, a specification for inclusion of contributions, etc. for supporting informatization projects in deductible expenses stipulated by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return for income tax or corporate tax. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001]

Article 4 - 3 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 5 (Tax Reductions or Exemptions for Small or Medium Start - Up Enterprises, etc.)

(1) "Youth start - up enterprise prescribed by Presidential Decree" in the proviso to Article 6 (1) of the Act, means an enterprise that meets the following requirements (hereafter in this Article, referred to as "youth start - up small or medium enterprise"): <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

1. Where a new enterprise is incorporated in the form of a sole proprietorship: A person between the ages of 15 and 29 at the time of incorporation: Provided, That, where the age of a person who has performed the military service specified in any item of Article 27 (1) 1, does not exceed 29, after subtracting the period of such military service (which shall not exceed six years) from his age at the time of incorporation, such person shall be deemed a youth;

2. Where a new enterprise is incorporated in the form of a corporation: A person who meets each of the following requirements:

(a) The person shall meet the requirement prescribed in subparagraph 1;

(b) The person shall be the controlling stockholder, etc. prescribed in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act and shall be either the largest stockholder or the largest investor of the corporation.

(2) For the purposes of the proviso to Article 6 (1) of the Act, if the representative of a youth start - up small or medium enterprise fails to meet the requirement prescribed in paragraph (1) 2 (b) during the period of tax reduction or exemption, the tax reduction or exemption provided for in the proviso to Article 6 (1) of the Act, shall not apply, but the reduction or exemption provided for in the main sentence of Article 6 (1) of the Act shall apply to the youth start - up small or medium enterprise for the remaining period of tax reduction or exemption from the taxable year in which the relevant ground arises. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

(3) Deleted. <by Presidential Decree No. 16584, Oct. 30, 1999 >

(4) "Enterprise prescribed by Presidential Decree" in Article 6 (2) of the Act, means any of the following enterprises: <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

1. A small or medium enterprise which satisfies the requirements provided for in Article 2 - 2 of the Act on Special Measures for the Promotion of Venture Businesses (excluding small or medium enterprises that satisfy the requirements provided for in paragraph (1) 2 (b) of the same Article);

2. A small or medium enterprise whose expenses referred to in attached Table 6 for research and development and human resources development (hereafter in this Article, referred to as "research and development expenses"), are at least 5/100 of its turnover in the relevant taxable year.

(5) Paragraph (4) 2 shall apply only where a small or medium enterprise keeps maintaining its research and development expenses within the ratio prescribed in the same subparagraph from the taxable year in which whether it is qualified as a

venture business pursuant to Article 25 of the Act on Special Measures for the Promotion of Venture Businesses, is verified.<Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 18704, Feb. 19, 2005>

(6) "Businesses prescribed by Presidential Decree" in Article 6 (3) 2 of the Act, means the businesses specified by Ordinance of the Ministry of Strategy and Finance, which do not directly manufacture products, but outsourcing manufacturing products.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(7) "Engineering business prescribed by Presidential Decree" in Article 6 (3) 17 of the Act, means a business which provides engineering services (hereinafter referred to as "engineering business") pursuant to the Engineering Industry Promotion Act (including engineering services provided by professional engineers subject to the Professional Engineers Act; hereinafter the same shall apply).<Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22626. Jan. 17, 2011>

(8) "Logistics industry prescribed by Presidential Decree" in Article 6 (3) 18 of the Act, means a cargo transportation business, cargo handling business, safekeeping and warehousing business, cargo terminal operating business, cargo transportation intermediation, agency, and related business, cargo packing, cargo tallying, and cargo weights and measures service, towing business under the Harbor Act, pilotage services under the Pilotage Act, and pallet leasing business among the industrial machinery and equipment leasing business (hereinafter referred to as "logistics industry").<Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 25211, Feb. 21, 2014>

(9) "Tourist facilities business prescribed by Presidential Decree" in Article 6 (3) 20 of the Act, means specialized resort business, general resort complex business, auto campground business, tourist excursion ship business, and tourist theater business, prescribed in Article 2 of the Enforcement Decree of the Tourism Promotion Act.<Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 25677, Nov. 4, 2014>

(10) "New energy technology small or medium enterprise prescribed by Presidential Decree" in Article 6 (4) of the Act, means a small or medium enterprise manufacturing any of the following products (hereafter in this Article, referred to as "high efficiency products, etc."):<Newly Inserted by Presidential Decree No. 22037, Feb. 18,

2010 >

1. Grade 1 energy efficiency products referred to in Article 15 of the Energy Use Rationalization Act, and products certified as high efficiency energy equipment and materials pursuant to Article 22 of the same Act;
2. Products certified as new and renewable energy equipment under Article 13 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy.

(11) The income accrued from the relevant business under Article 6 (5) of the Act, shall be calculated by the following formula: <Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010> $\text{Income accrued from the manufacturing industry in the relevant taxable year} \times (\text{Sales of high efficiency products, etc. in the relevant taxable year} \div \text{total sales accrued from the manufacturing industry in the relevant taxable year})$

(12) For purposes of paragraph (11), the accounts of the sales of high efficiency products, etc. shall be kept separately from the accounts of the sales of other products in the field of the manufacturing industry. <Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010>

(13) "Business assets prescribed by Presidential Decree, including land, buildings, and machinery" in the proviso to Article 6 (6) 1 of the Act, means land and depreciable assets prescribed in Article 24 of the Enforcement Decree of the Corporate Tax Act. <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(14) "Ratio prescribed by Presidential Decree" in the proviso to Article 6 (6) 1 of the Act, means 30/100. <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(15) For purposes of Article 6 (6) of the Act, the same types of business shall be classified into the groups according to the standard classification formulated and publicly notified by the Commissioner of the Korea National Statistical Office under Article 22 of the Statistics Act (hereinafter referred to as "Korean Standard Industrial Classification"). <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015>

(16) "Events prescribed by Presidential Decree" in Article 6 (7) of the Act, means the events specified under Article 2 (2). <Newly Inserted by Presidential Decree No. 27848,

[Feb. 7, 2017](#)>

(17) A person who intends to be granted a reduction or exemption of income tax or corporate tax pursuant to Article 6 (1), (2), and (4) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.<[Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22953, Jun. 3, 2011](#)>

Article 6 (Special Tax Reductions or Exemptions for Small or Medium Enterprises)(1)

"Outsourced manufacturing business by OEM method prescribed by Presidential Decree" in Article 7 (1) 1 (v) of the Act, means the business manufacturing and supplying goods by re - outsourcing the outsourced manufacture of goods from the consignor according to the OEM method. <[Amended by Presidential Decree No. 21307, Feb. 4, 2009](#)>

(2) "Motor vehicle maintenance factory prescribed by Presidential Decree" in Article 7 (1) 1 (z) of the Act, means a motor vehicle maintenance shop referred to in Article 54 (1).<[Amended by Presidential Decree No. 21307, Feb. 4, 2009](#)>

(3) and (4) Deleted.<[by Presidential Decree No. 21307, Feb. 4, 2009](#)>

(5) "Small enterprise prescribed by Presidential Decree" in Article 7 (1) 2 (a) of the Act, means a small or medium enterprise whose turnover does not exceed the amount of turnover calculated by applying mutatis mutandis attached Table 3 to the Enforcement Decree of the Framework Act on Small and Medium Enterprises to each type of business. In such cases, " average turnover, etc. " shall be construed as " turnover. " <[Amended by Presidential Decree No. 26959, Feb. 5, 2016](#)>

(6) "Knowledge - based business prescribed by Presidential Decree" in Article 7 (1) 2 (e) of the Act, means any of the following businesses:<[Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016](#)>

1. Engineering business;
2. Telecommunications business;
3. Research and development business;
4. Computer programming, system integration, and management services;
5. Business producing motion picture, video, and broadcasting programs;
6. Specialized design services;
7. Audio publishing and original master recording business;
8. Business making advertisements among advertising business;
9. Software development and supply business;
10. Broadcasting business;
11. Information service activities;
12. Business publishing books, magazines, and other printed materials;
13. Creative and arts - related services (excluding individual artists);
14. Security system service activities.

(7) Deleted. <by [Presidential Decree No. 27848, Feb. 7, 2017](#)>

(8) Any person who intends to be granted a reduction or exemption of income tax or corporate tax under Article 7 of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <[Amended by Presidential Decree No. 19329, Feb. 9, 2006](#); [Presidential Decree No. 20720, Feb. 29, 2008](#); [Presidential Decree No. 21307, Feb. 4, 2009](#)>

Article 6 - 2 (Tax Credit for Improving Corporate Bill System)(1) Any purchasing enterprise that intends to be granted a tax credit pursuant to Article 7 - 2 (1) 5 of the Act, shall submit the relevant financial institution with materials concerning its order including the date and amount of each order, the selling enterprise, and the delivery deadline, as well as materials concerning the confirmation of the sale claims, including the amount of delivered goods, the date the tax invoice is prepared, the payment deadline, etc.

(2) The relevant financial institution in receipt of materials submitted by a purchasing enterprise pursuant to paragraph (1), shall furnish the purchasing enterprise with materials necessary for the tax credit, including the loan date and the loan amount, etc. of the selling enterprise by order case.

(3) Any national who intends to be granted an income tax or corporate tax credit pursuant to Article 7 - 2 of the Act, shall submit an application for the tax credit and a statement of the amount of tax deductible, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Wholly Amended by Presidential Decree No. 19329, Feb. 9, 2006]

Article 6 - 3 Deleted. <by Presidential Decree No. 18176, Dec. 30, 2003 >

Article 6 - 4 (Tax Credits on Payments through Mutually - Beneficial Settlement System)

(1) "Mutually - beneficial settlement system prescribed by Presidential Decree" in the main sentence of Article 7 - 4 (1) of the Act, means the settlement method that meets each of the following requirements:

1. The purchasing enterprise shall pay the purchase price by issuing new accounts - receivable bonds to the selling enterprise by offering accounts - receivable bonds that the purchasing enterprise, as a seller, has received in lieu of the sales price from another purchasing enterprise as security for such bonds;
2. Selling enterprises in multiple lower tiers of the industry shall pay sales prices by issuing accounts - receivable bonds at the same interest rate as the interest rate of the accounts - receivable bonds issued by purchasing enterprises;
3. The due date for payment of accounts - receivable bonds shall be within 60 days from the issue date of the tax invoice, etc. referred to in Article 7 - 2 (1) 2 of the Act (hereafter in this Article, referred to as "tax invoice, etc.");
4. An agreement shall be made with the relevant financial institution that the financial institution shall not exercise its right of recourse against the selling enterprise.

(2) "Price paid in cash or cash equivalents prescribed by Presidential Decree" in Article 7 - 4 (1) 1 of the Act, means the amount settled by bill of exchange, etc. referred to in Article 7 - 2 (1) of the Act (the amount settled by bill of exchanges or a written request for the collection of proceeds from sale referred to in Article 7 - 2 (1) 1 of the Act, shall be limited to those for which the payment due date is within 60 days from the issue date of the tax invoice, etc., and for which the relevant financial institution has agreed not to exercise its right of recourse against the selling enterprise).

(3) A national who intends to be granted an income tax or corporate tax credit under Article 7 - 4 of the Act, shall file an application for tax credit and a statement of the amount of tax deductible, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 7 (Special Cases, etc. of Inclusion in Deductible Expenses for Facilities for Supporting Small or Medium Enterprises)(1) "Facility prescribed by Presidential Decree, including an automation facility, which has been used for his/her own business" in Article 8 (1) of the Act, means any of the following facilities used for the relevant business for at least one year: <Amended by Presidential Decree No. 21064, Oct. 7, 2008; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

1. Business assets referred to in Article 4 (2);
2. Facilities or assets referred to in Article 10 (2) through (4);
3. Facilities or equipment referred to in Article 21 (2) or (3);
4. Facilities referred to in the subparagraphs (excluding subparagraph 8) of Article 22 (1).

(2) Article 8 (1) and (2) of the Act shall not apply to any small or medium enterprises that have any of the following special relationship with a national:
1. Special relationships provided for in Article 98 (1) of the Enforcement Decree of the Income Tax Act;
2. Special relationships provided for in Article 87 (1) of the Enforcement Decree of the Corporate Tax Act.

(3) A small or medium enterprise that intends to include the equivalent to the value of a donated facility in deductible expenses pursuant to Article 8 (2) of the Act, shall submit a statement of adjustment of the deductible expenses for facilities for supporting small or medium enterprises in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return of income tax or corporate tax, to the head of the tax office having jurisdiction over the place of tax payment.

<Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 7 - 2 (Scope, etc. of Small or Medium Enterprises Requiring Cooperation)(1)

"Related parties prescribed by Presidential Decree" in the proviso to Article 8 - 3 (1) of the Act and paragraph (2) of the same Article, means the related parties provided for in Article 87 of the Enforcement Decree of the Corporate Tax Act, respectively.

<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017 >

(2) "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 Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises" in Article 8 - 3 (1) 1 of the Act, means any of the following small or medium enterprises:<Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27230, Jun. 21, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

1. A commissioned enterprise defined in subparagraph 6 of Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises;
2. A small or medium enterprise under a contractual relationship to directly or indirectly supply goods to the commissioned enterprise referred to in subparagraph 1;
3. A start - up company to which support is rendered jointly with the specialized agency designated under Article 16 - 4 (3) of the Framework Act on Science and Technology;
4. Other small or medium enterprises deemed in need of cooperation by a domestic corporation referred to in Article 8 - 3 (1) of the Act.

(3) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017 >

(4) A domestic corporation that wishes to be eligible under Article 8 - 3 (1) of the Act, shall submit an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

(5) The Credit Guarantee Fund and the Korea Technology Finance Corporation referred to in Article 8 - 3 (1) 1 of the Act and the Cooperation Foundation referred to in Article 8 - 3 (1) 2 of the Act, shall submit a statement of disbursement of

contributions in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when it files its tax return for the relevant business year.<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 27205, May 31, 2016>

(6) "Tangible fixed assets prescribed by Presidential Decree" in Article 8 - 3 (2) of the Act, means assets specified by Ordinance of the Ministry of Strategy and Finance for research and testing for research and development.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(7) Where a domestic corporation gratuitously leases a tangible fixed asset pursuant to Article 8 - 3 (2) of the Act, the domestic corporation shall gratuitously lease the assets specified in paragraph (6) to a start - up business it supports jointly with the specialized agency referred to in paragraph (2) 3 or a business incubator designated under the Support for Small and Medium Enterprise Establishment Act (hereafter in this Article, referred to as "business incubator, etc.") continuously for at least five years.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(8) A domestic corporation that wishes to be eligible under Article 8 - 3 (2) of the Act, shall submit an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the certificate referred to in paragraph (9), to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(9) A business incubator, etc. that jointly supports a start - up business to whom an asset has been gratuitously leased under Article 8 - 3 (2) of the Act, shall issue a certificate of gratuitous lease (hereafter in this Article, referred to as "certificate") to the relevant domestic corporation in the form prescribed by Ordinance of the Ministry of Strategy and Finance, immediately upon commencing the gratuitous lease of the asset.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(10) A business incubator, etc. shall ascertain whether the gratuitous lease continues after the date of issuance of the certificate, and shall give notice to the head of the tax office having jurisdiction over the place of tax payment immediately upon finding that the gratuitous lease does not continue during the period specified in paragraph (7).<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

Article 7 - 3 Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002>

SECTION 2 Special Taxation for Research and Human Resources Development

Article 8 (Scope, etc. of Reserves for Research and Human Resources Development)

(1) "Expenses prescribed by Presidential Decree" in Article 9 (2) 1 of the Act, means expenses listed in attached Table 6, which are for research and development, and human resources development: Provided, That the following expenses shall be excluded therefrom: <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013>

1. The amount disbursed as research and development expenses from the contribution, etc. for research and development received under Article 10 - 2 of the Act;
2. The amount disbursed as research and development expenses from the assets, including contributions received from the State, local governments, public institutions under the Act on the Management of Public Institutions, and local public enterprises under the Local Public Enterprises Act for the purposes of research and development, etc.

(2) The research and development under paragraph (1) does not include the following:<Amended by Presidential Decree No. 23590, Feb. 2, 2012>

1. General management and support;
2. Market research, sales promotion, and usual quality inspections;
3. Repetitive information gathering;
4. Inspecting and analyzing the efficiency of management or business;
5. Legal and administrative affairs, such as applications for, protection, etc. of patent rights;
6. Examination and exploration to check the reserves of minerals, etc. and the location, etc. thereof;
7. Research conducted on commission.

(3) "Additional amount equivalent to interest calculated as prescribed by Presidential Decree" in Article 9 (4) of the Act, means the amount calculated by multiplying the amount in subparagraph 1 by the period in subparagraph 2 and the rate in subparagraph 3:<Amended by Presidential Decree No. 23590, Feb. 2, 2012>

1. An amount calculated by subtracting the amount computed by including the reserves for research and human resources development in deductible expenses, from the amount of income tax or corporate tax calculated by excluding such reserves from deductible expenses for the taxable year in which such reserves were included in deductible expenses;
2. A period from the commencement date of the taxable year following the taxable year in which it was included in deductible expenses, until the end of the taxable year in which it is included in gross income;
3. 3/10,000 per day.

(4) A national who seeks the benefit under Article 9 (1) of the Act, shall submit a detailed statement of reserves for research and human resources development prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return. <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009]

Article 9 (Tax Credits for Research and Human Resources Development Expenses)(1)

"Research and development incurred in the new growth engine industries prescribed by Presidential Decree or the research and development expenses incurred in acquiring source technologies" in Article 10 (1) 1 of the Act, means the following expenses (hereafter in this Article, referred to as "research and development expenses incurred for new growth engines and source technologies"): Provided, That the expenses referred to in Article 8 (1) shall be excluded herefrom: <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 27848, Feb. 7, 2017>

1. In cases of in - house research and development: The following expenses:
 - (a) Personnel expenses for researchers engaging in research and development of technologies for new growth engines and source technologies specified in attached Table 7 (hereafter in this Article, referred to as "research and development of new growth engines and source technologies") at any of the research institutes or specialized departments prescribed by Ordinance of the Ministry of Strategy and Finance and for persons who directly support research and development of such researchers: Provided, That personnel expenses for persons prescribed by Ordinance of the Ministry of Strategy and Finance, shall

be excluded herefrom;

(b) Expenses incurred in purchasing samples, parts, raw materials, and reagents used for research and development of new growth engines and source technologies;

2. In cases of outsourced or joint research and development: Expenses incurred in outsourcing (including re - outsourcing) research and development of new growth engines and source technologies to any of the institutions specified by Ordinance of the Ministry of Strategy and Finance (excluding expenses incurred in outsourcing the development of systems, such as enterprise resource planning facilities) and expenses incurred in conducting joint research and development with any of such institutions.

(2) "Multiplying factor prescribed by Presidential Decree" in Article 10 (1) 1 (b) of the Act, means three times. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(3) "Where a small or medium enterprise first ceases to be a small or medium enterprise, as prescribed by Presidential Decree" in Article 10 (1) 3 (b) of the Act, means where the taxable year during which the ground making the small or medium enterprise cease to be a small or medium enterprise, arises, and the three subsequent taxable years, lapse pursuant to the main sentence of Article 2 (2) and Article 2 (5). <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(4) "Middle - standing enterprise prescribed by Presidential Decree" in Article 10 (1) 3 (a) of the Act, means any enterprise that meets each of the following requirements: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24887, Nov. 29, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

1. It shall not be a small or medium enterprise;

2. It shall not engage mainly in the any of the following types of business:

(a) Any of the consumer service businesses provided for in Article 29 (3);

(b) Any of the types of business specified under Article 2 (2) 2 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;

3. Its substantial independence in ownership and management shall meet the requirements prescribed in Article 2 (2) 1 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness

of Middle - Standing Enterprises;

4. The amount of its average turnover for the immediately preceding three taxable years (the turnover shall be calculated by the method specified in Article 2 (4); and the turnover for a taxable year, which is less than one year in length, shall be converted into the turnover for one year), shall be less than 500 billion won.

(5) The annual average of general research and human resources development expenses incurred for the four preceding years as prescribed in Article 10 (2) of the Act, shall be calculated by the following formula: <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(Aggregate of general research and human resources development expenses incurred for the four years retrospectively from the date the relevant taxable year commences ÷ Number of taxable years in which the general research and human resources development expenses incurred for the four years retrospectively from the date the relevant taxable year commences (four, if such number exceeds four))
× (Number of months in the relevant taxable year ÷ 12)

(6) When calculating the aggregate of general research and human resources development expenses incurred for the four years retrospectively from the date the relevant taxable year commences in the formula described in paragraph (5), the general research and human resources development expenses incurred by a merged corporation, a divided corporation, a business transferor, or an investor in kind (hereafter in this paragraph, referred to as "merged corporation, etc.") before a merger, a split-off, a merger by division, a transfer of business, or an investment in kind in the manner prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this paragraph, referred to as "merger, etc."), shall be deemed to have incurred by the merging corporation, the corporation newly incorporated in the course of the split-off, the counterpart corporation to the merger by division, the business transferee, or the corporation that receives the investment in kind in the manner prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this paragraph, referred to as "merging corporation, etc."): Provided, That, if it is impracticable to separate the general research and human resources development expenses incurred by the merged corporation, etc. in connection with the transferred business before the merger, etc., where the business operated by the merged corporation, etc. is partially transferred, the amount calculated by multiplying the

general research and human resources development expenses incurred by the merged corporation, etc. by the greater of the ratio of the turnover of the transferred business for each business year to the total turnover, and the ratio of the value of assets of the transferred business as at the end of each business year to the total assets, shall be deemed the general research and human resources development expenses incurred by the merged corporation, etc. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>

(7) For the purposes of the formula described in paragraph (5), the number of months shall be calculated on the basis of calendar months, and if the number of days in the month during which a taxable year commences, is less than one full month, it shall be deemed one month, while the month during which a taxable year ends shall be disregarded in counting the number of months, if the number of days in that month is less than one full month. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

(8) A national who wishes to be eligible under Article 10 (1) 1 of the Act, shall keep separate accounting for research and development expenses incurred for new growth engines and source technologies and for general research and human resource development expenses. If the research and development expenses incurred for new growth engines and source technologies overlap with the general research and human resource development expenses, the full amount of such research and development expenses incurred for new growth engines and source technologies shall be deemed general research and human resource development expenses. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(9) A national who wishes to be eligible under Article 10 (1) of the Act, shall submit an application for tax credits and a statement of research and human resources development expenses in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, and evidentiary documents, such as a research and development plan, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

(10) A deliberative committee on new growth engines and source technologies may be established under the jurisdiction of the Minister of Strategy and Finance to deliberate on whether research and development expenses disbursed by nationals

qualify as research and development expenses incurred for new growth engines and source technologies and on the matters provided for in Article 22 - 5 (1). <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(11) The composition and operation of the deliberative committee on new growth engines and source technologies referred to in paragraph (10), and other necessary matters, shall be prescribed by Joint Ordinance of the Ministry of Strategy and Finance and the Ministry of Trade, Industry and Energy. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Wholly Amended by Presidential Decree No. 22037, Feb. 18, 2010]

Article 9 - 2 (Special Taxation for Contributions, etc. Related to Research and

Development)(1) "Other Acts prescribed by Presidential Decree" in Article 10 - 2 (1) of the Act, means any of the following Acts: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21692, Aug. 18, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

1. The Industrial Technology Innovation Promotion Act;
2. The Information and Communications Technology Industry Promotion Act;
3. The Act on the Promotion of Technology Innovation of Small and Medium Enterprises;
4. Other Acts that provide for the payment of contributions, etc. for the purpose of research, development, etc., as specified by Ordinance of the Ministry of Strategy and Finance.

(2) "Where a national keeps separate accounts of research and development contribution, etc. in a manner prescribed by Presidential Decree" in Article 10 - 2 (1) of the Act, means keeping separate accounts by applying mutatis mutandis Article 113 of the Corporate Tax Act. <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

(3) "Including an amount equivalent to the disbursed amount in the gross income in a manner prescribed by Presidential Decree" in Article 10 - 2 (2) 2 of the Act, means the following methods: <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

1. Depreciable assets under Article 24 of the Enforcement Decree of the Corporate Tax Act or Article 62 (2) and (3) of the Enforcement Decree of the Income Tax Act: Method of including the amount equivalent to the depreciation cost, which shall be included in deductible expenses in accordance with Article 25 of the

Enforcement Decree of the Corporate Tax Act or Article 62 (1) and (4) of the Enforcement Decree of the Income Tax Act, in gross income, when calculating the income amount for the pertinent taxable year: Provided, That where the relevant asset is disposed of, the balance left over after including the amount in the gross income which was not included in the gross income in accordance with Article 10 - 2 (1) of the Act shall be entirely included in the gross income for the taxable year during which it was disposed of;

2. Assets other than those prescribed in subparagraph 1: Method of including the full amount, which has not been included in gross income in accordance with Article 10 - 2 (1) of the Act, in gross income, when calculating the income amount for the taxable year during which the relevant asset was disposed of.

(4) A national who wants to be eligible for the application of Article 10 - 2 (1) and (2) of the Act, shall submit, along with the tax return, a statement of non - inclusion of contributions, etc. in gross income prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 10 (Scope, etc. of Facilities for Research and Experimenting)(1) "Middle - standing enterprise prescribed by Presidential Decree" in Article 11 (1) of the Act, means any enterprise that meets each of the following requirements (hereafter in this Article, referred to as "middle - standing enterprise"): <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

1. It shall not be a small or medium enterprise;

2. It shall not engage mainly in any of the following types of business:

(a) Any of the consumer service businesses provided for in Article 29 (3);

(b) Any of the types of business specified under Article 2 (2) 2 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;

3. Its substantial independence in ownership and management shall meet the requirements prescribed in Article 2 (2) 1 of the Enforcement Decree of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness

of Middle - Standing Enterprises;

4. The amount of its average turnover for the immediately preceding three taxable years (the turnover shall be calculated by the method specified in Article 2 (4); and the turnover for a taxable year, which is less than one year in length, shall be converted into the turnover for one year), shall be less than 300 billion won.

(2) "Facilities prescribed by Presidential Decree" in Article 11 (2) 1 of the Act, means research and experimenting facilities prescribed by Ordinance of the Ministry of Strategy and Finance for research and development. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(3) "Facilities prescribed by Presidential Decree" in Article 11 (2) 2 of the Act, means vocational training facilities prescribed by Ordinance of the Ministry of Strategy and Finance for developing human resources. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(4) and (5) Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017 >

(6) Article 4 (3) shall apply mutatis mutandis to calculating the amount invested under Article 11 (3) and (4) of the Act.

(7) A person who intends to be granted a tax credit for investment under Article 11 of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the investment is completed (referring to each taxable year in which the relevant investment is made, if the person wishes to be granted a tax credit under Article 11 (3) of the Act; hereafter in Articles 21 (5), 22 (4), 22 - 2 (3), 22 - 3 (3), and 22 - 4 (3), the same shall apply). <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017 >

Article 11 (Scope, etc. of Technical Knowhow) (1) "Related parties prescribed by Presidential Decree" in Article 12 (1), the former part of Article 12 (2), and Article 12 (3) of the Act, means the related parties provided for in Article 87 of the

Enforcement Decree of the Corporate Tax Act and Article 98 (1) of the Enforcement Decree of the Income Tax Act. In such cases, "1/100" in Article 50 (2) of the Enforcement Decree of the Corporate Tax Act, shall be construed as "30/100" for determining a minority stockholder, etc. referred to in Article 87 (1) 2 of the Enforcement Decree of the Corporate Tax Act. <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(2) “ Middle - standing enterprise prescribed by Presidential Decree ” in Article 12 (1) of the Act, means any middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(3) "Patent, utility model right, technical knowhow, or technology obtained as a result of its own research and development, as prescribed by Presidential Decree" in Article 12 (1) of the Act, means any of the following: <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. A patent or utility model right first created and registered as a result of the relevant enterprise's own research and development in the Republic of Korea pursuant to the Patent Act or the Utility Model Act;
2. Technical knowhow (excluding industrial property rights and technical knowhow related to overseas construction engineering activities under the Overseas Construction Promotion Act or engineering activities under the Engineering Industry Promotion Act) that is developed as a result of the relevant enterprise's own research and development in the field of science and technology in the Republic of Korea and meets the requirements prescribed by Ordinance of the Ministry of Strategy and Finance for the amount of revenue, etc.;
3. Technology defined in subparagraph 1 of Article 2 of the Technology Transfer and Commercialization Promotion Act, that is developed as a result of the relevant enterprise's own research and development in the Republic of Korea and meets the requirements prescribed by Ordinance of the Ministry of Strategy and Finance for the amount of revenue, etc.

(4) "Patent, etc. prescribed by Presidential Decree" in the former part of Article 12 (2) of the Act, means any of the things specified in the subparagraphs of paragraph (3). <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(5) "Patent, etc. prescribed by Presidential Decree, obtained as a result of its own research and development" in Article 12 (3) of the Act, means the patent or utility model right provided for in paragraph (3) 1 and the technical knowhow provided for in paragraph (3) 2. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

(6) A person who wishes to be eligible under Article 12 (1) through (3) of the Act, shall file an application for tax reduction or exemption or an application for tax credits, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

Article 11 - 2 (Reduction or Exemption of Corporate Tax, etc. for High - Tech Enterprises, etc. that Occupy Special Research and Development Zones)(1) "Business

prescribed by Presidential Decree, such as the biotech industry or the information and communications industry" in Article 12 - 2 (1) of the Act, means any business engaged in the following industries: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21692, Aug. 18, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 27245, Jun. 21, 2016>

1. Industries related to biotechnology defined in Article 2 of the Biotechnology Support Act (including growing crop seeds and nursery products; and hatching and seeding aquatic animals and seaweeds);
2. The information and communications industry defined in subparagraph 2 of Article 2 of the Information and Communications Technology Industry Promotion Act;
3. Industries that provide information and communications services defined in Article 2 (1) 2 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc.;

4. Industries related to advanced technology and products publicly notified by the Minister of Trade, Industry and Energy pursuant to Article 5 (1) of the Industrial Development Act.

(2) "Cumulative investments prescribed by Presidential Decree" in Article 12 - 2 (3) 1 of the Act, means the sum of investments in the business assets prescribed by Ordinance of the Ministry of Strategy and Finance by the relevant taxable year in which a reduction or exemption of corporate tax or income tax is granted pursuant to Article 12 - 2 (2) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(3) The amount of income tax or corporate tax payable under Article 12 - 2 (5) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for two consecutive taxable years after the end of the taxable year in which tax reductions or exemptions are granted, such amount payable in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

The aggregate of amounts of tax reduced or exempted under Article 12 - 2 (3) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees at the place of business eligible for reduction or exemption for the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won where Article 12 - 2 (3) 3 of the Act is applicable)]

(4) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and methods for calculating the number of full - time employees under Article 12 - 2 (6) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

(5) A person who intends to be granted a reduction or exemption of corporate tax or income tax under Article 12 - 2 (7) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of

Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22583, Dec. 30, 2010 >

(6) "Service businesses prescribed by Presidential Decree" in the proviso to Article 12 - 2 (3) of the Act, means the service businesses referred to in Article 23 (4). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 11 - 3 (Tax Credits for Technological Innovation - Oriented Mergers)(1)

"Technological innovation - oriented small or medium enterprise prescribed by Presidential Decree" in Article 12 - 3 (1) of the Act, means any of the following small or medium enterprises: <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

1. An enterprise confirmed as a venture business under Article 25 of the Act on Special Measures for the Promotion of Venture Businesses by no later than the date the merger is registered;
2. An enterprise selected as a technological innovation - oriented small or medium enterprise under Article 15 of the Act on the Promotion of Technology Innovation of Small and Medium Enterprises and Article 13 of the Enforcement Decree of the same Act by no later than the date the merger is registered;
3. A small or medium business that has spent at least 5/100 of its turnover as research and human resources development expenses referred to in Article 9 (2) 1 of the Act in the business year immediately preceding the business year in which the merger is registered;
4. A small or medium business that obtains any of the following certifications, etc. by no later than the date the merger is registered:
 - (a) Certification of a new technology under Article 15 - 2 (1) of the Industrial Technology Innovation Promotion Act;
 - (b) Certification of a new technology in health and medical service under Article 8 (1) of the Health and Medical Service Technology Promotion Act;
 - (c) Certification of a new product under Article 16 (1) of the Industrial Technology Innovation Promotion Act;
 - (d) Certification of an innovative pharmaceutical company under Article 7 (2) of the Special Act on Fostering and Support of Pharmaceutical Industry;

- (e) Selection under Article 18 (1) of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;
- (f) Other certifications, etc. specified by Ordinance of the Ministry of Strategy and Finance, similar to those listed in items (a) through (e).

(2) "Related party prescribed by Presidential Decree" in Article 12 - 3 (1) of the Act, means any related party defined in Article 87 of the Enforcement Decree of the Corporate Tax Act.

(3) "Technical value prescribed by Presidential Decree" in Article 12 - 3 (1) of the Act, means either of the following amounts chosen by the merging corporation:

[<Amended by Presidential Decree No. 27848, Feb. 7, 2017>](#)

1. The total amount of patent rights, utility model rights, and technical knowhow or technology specified by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article and Article 11 - 4, referred to as "patents, etc.") held by the merged corporation within three months before and after the date the merger is registered, which is appraised by any of the agencies specified under Article 2 - 3 (5) of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Businesses. In such cases, the total amount shall not exceed an amount calculated by subtracting the net asset value of the merged corporation as at the date the merger is registered, from the transfer value paid by the merging corporation to the merged corporation (if such amount calculated is a negative number, it shall be deemed zero);
2. An amount calculated by subtracting 130/100 of the net asset value of the merged corporation as at the date the merger is registered, from the transfer value paid by the merging corporation to the merged corporation.

(4) The transfer value referred to in Article 12 - 3 (1) of the Act, shall be an amount calculated under Article 80 (1) 2 of the Enforcement Decree of the Corporate Tax Act.

(5) The net asset value of the merged corporation referred to in Article 12 - 3 (1) 2 of the Act and paragraph (3) of this Article, shall be an amount calculated by subtracting total liabilities from total assets (excluding the value of patents, etc.) of the merged corporation as at the date the merger is registered. [<Amended by Presidential Decree No. 27848, Feb. 7, 2017>](#)

(6) The total price for the merger referred to in Article 12 - 3 (1) 3 of the Act, shall be an amount calculated under Article 80 (1) 2 (a) of the Enforcement Decree of the Corporate Tax Act.

(7) Where stocks, etc. granted due to a merger under the main sentence of Article 80 (1) 2 (a) of the Enforcement Decree of the Corporate Tax Act exist for the purposes of calculating the ratio of the value of stocks or equity shares to the total price for the merger referred to in Article 12 - 3 (1) 3 of the Act, the proviso to Article 80 (1) 2 (a) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to such calculation.

(8) "Stockholders, etc. of the merged corporation prescribed by Presidential Decree" in Article 12 - 3 (1) 3 and (2) 1 of the Act, respectively, means controlling stockholders, etc. of the merged corporation referred to in Article 43 (3) and (7) of the Enforcement Decree of the Corporate Tax Act, except:

1. Relatives by blood or marriage who are in the fourth degree of relationship or above among relatives prescribed in Article 43 (8) 1 (a) of the Enforcement Decree of the Corporate Tax Act;
2. Persons whose stockholding ratio in the merged corporation as at the date the merger is registered, is less than 1/100, and the appraised market value of such stocks is less than one billion won.

(9) Article 43 (3) and (7) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to the scope of controlling stockholders, etc. of the merging corporation referred to in Article 12 - 3 (1) 3 and (2) 1 of the Act.

(10) Article 80 - 2 (6) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to determination as to whether the merging corporation continues or closes the business succeeded from the merged corporation under Article 12 - 3 (1) 4 and (2) 2 of the Act.

(11) "Period prescribed by Presidential Decree" in Article 12 - 3 (2) of the Act, means two years from the commencement date of the business year following the business year in which the merger is registered.

(12) "Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in Article 12 - 3 (2) of the Act, means an amount calculated by multiplying the amount of the tax credit granted under Article 12 - 3 (1) of the Act by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the day following the end of the business year in which a tax credit is granted, until the end of the business year in which a ground for payment arises;
2. 3/10,000 per day.

(13) "In extenuating circumstances prescribed by Presidential Decree" in Article 12 - 3 (3) of the Act, means where the merging corporation becomes bankrupt or disposes of the assets acquired by succession, with permission from the court in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act.

(14) A domestic corporation that intends to be granted a tax credit under Article 12 - 3 (1) of the Act, shall file an application for tax credits and calculation of tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 11 - 4 (Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)

(1) The date of first acquisition referred to in Article 12 - 4 (1) 1 of the Act (hereafter in this Article, referred to as "date of acquisition"), shall apply where the acquiring corporation has not held any stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") of the acquired corporation during the period of two years immediately preceding the date the stocks, etc. are acquired: Provided, That the period during which the acquiring corporation becomes a minority stockholder, etc. provided for in Article 50 (2) of the Enforcement Decree of the Corporate Tax Act, shall not be deemed the period of holding stocks, etc.

(2) "Technological innovation - oriented small or medium enterprise prescribed by Presidential Decree" in Article 12 - 4 (1) of the Act, means any of the following small or medium enterprises: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. An enterprise confirmed as a venture business under Article 25 of the Act on Special Measures for the Promotion of Venture Businesses by no later than the date of acquisition;
2. An enterprise selected as a technological innovation - oriented small or medium enterprise under Article 15 of the Act on the Promotion of Technology Innovation

of Small and Medium Enterprises and Article 13 of the Enforcement Decree of the same Act by no later than the date of acquisition;

3. A small or medium business that has spent at least 5/100 of its turnover as research and human resources development expenses referred to in Article 9 (2) 1 of the Act in the business year immediately preceding the business year in which the date of acquisition falls;

4. A small or medium business that obtains any of the following certifications, etc. by no later than the date of acquisition:

(a) Certification of a new technology under Article 15 - 2 (1) of the Industrial Technology Innovation Promotion Act;

(b) Certification of a new technology in health and medical service under Article 8 (1) of the Health and Medical Service Technology Promotion Act;

(c) Certification of a new product under Article 16 (1) of the Industrial Technology Innovation Promotion Act;

(d) Certification of an innovative pharmaceutical company under Article 7 (2) of the Special Act on Fostering and Support of Pharmaceutical Industry;

(e) Selection under Article 18 (1) of the Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle - Standing Enterprises;

(f) Other certifications, etc. specified by Ordinance of the Ministry of Strategy and Finance, similar to those listed in items (a) through (e).

(3) "Related party prescribed by Presidential Decree" in Article 12 - 4 (1) of the Act, means any related party defined in Article 87 of the Enforcement Decree of the Corporate Tax Act.

(4) "Technical value prescribed by Presidential Decree" in Article 12 - 4 (1) of the Act, means either of the following amounts chosen by the acquiring corporation:

[<Amended by Presidential Decree No. 27848, Feb. 7, 2017>](#)

1. An amount calculated by multiplying the stockholding ratio as at the date of acquisition by the total amount of patent rights, etc. held by the acquired corporation within three months before and after the date of acquisition, which is appraised by any of the agencies specified under Article 2 - 3 (5) of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Businesses. In such cases, the total amount shall not exceed an amount calculated by subtracting an amount calculated by multiplying the stockholding ratio by the net

asset value of the acquired corporation as at the date of acquisition from the purchase price paid by the acquiring corporation to the acquired corporation (if such amount calculated is a negative number, it shall be deemed zero);

2. An amount calculated by subtracting an amount calculated by multiplying the amount of item (a) by the ratio of item (b) from the purchase price paid by the acquiring corporation to the acquired corporation:

(a) Equivalent to 130/100 of the net asset value of the acquired corporation as at the date of acquisition;

(b) Stockholding ratio as at the date of acquisition.

(5) The net asset value of the acquired corporation referred to in Article 12 - 4 (1) 3 of the Act and paragraph (4) 1 of this Article, shall be an amount calculated by subtracting total liabilities from total assets (excluding the value of patents, etc.) of the acquired corporation as at the date of acquisition. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(6) "Stockholders, etc. of the acquired corporation prescribed by Presidential Decree" in Article 12 - 4 (1) 4 and (2) 1 of the Act, means controlling stockholders, etc. of the acquired corporation referred to in Article 43 (3) and (7) of the Enforcement Decree of the Corporate Tax Act, except:

1. Relatives by blood or marriage who are in the fourth degree of relationship or above among relatives prescribed in Article 43 (8) 1 (a) of the Enforcement Decree of the Corporate Tax Act;

2. Persons whose stockholding ratio in the acquired corporation as at the date of acquisition, is less than 1/100, and the appraised market value of such stocks is less than one billion won.

(7) Article 43 (3) and (7) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to the scope of controlling stockholders, etc. of the acquiring corporation or the acquired corporation referred to in Article 12 - 4 (1) 4 and (2) 1 of the Act.

(8) Article 80 - 2 (6) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to determination as to whether the acquired corporation continues or closes the business it has been engaged in under Article 12 - 4 (1) 5 and (2) 2 of the Act.

(9) "Period prescribed by Presidential Decree" in Article 12 - 4 (2) of the Act, means two years from the commencement date of the business year following the business year in which the date of acquisition falls: Provided, That in cases falling under Article 12 - 4 (2) 3, the period shall be four years from the commencement date of the business year following the business year in which the date of acquisition falls.

(10) "Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in Article 12 - 4 (2) of the Act, means an amount calculated by multiplying the amount of the tax credit granted under Article 12 - 4 (1) of the Act by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the day following the end of the business year in which a tax credit is granted, until the end of the business year in which a ground for payment arises;
2. 3/10,000 per day.

(11) "In extenuating circumstances prescribed by Presidential Decree" in Article 12 - 4 (3) of the Act, means where the acquired corporation becomes bankrupt or disposes of the held assets, with permission from the court in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act.

(12) A domestic corporation that intends to be granted a tax credit under Article 12 - 4 (1) of the Act, shall file an application for tax credits and calculation of tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 12 (Calculation, etc. of Gains from Transfer of Stocks and Dividend Income)(1)

Gains from transfer of stocks or equity shares (hereafter referred to as "stocks, etc." in this Article), exempt from corporate tax under Article 13 (1) of the Act, shall be computed by the following methods: <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009>

1. Where some of the retained stocks, etc. are transferred by a small and medium business start - up investment company or a new technology venture capitalist (hereafter referred to as "small or medium business start - up investment company,

etc." in this Article) that concurrently holds stocks, etc. acquired by the methods described in the subparagraphs of Article 13 (1) of the Act and stocks, etc. acquired by other methods, stocks, etc. first acquired shall be deemed to have been first transferred;

2. The acquisition value of stocks, etc. acquired by a small or medium business start - up investment company, etc. shall be computed by the method reported by the relevant enterprise to the head of a tax office having jurisdiction over the place of tax payment among the methods prescribed under Article 74 (1) 1 (d) or (e) of the Enforcement Decree of the Corporate Tax Act;

3. Gains from the transfer of stocks, etc., exempt from corporate tax, shall be computed by the following formula based on the type classifiable at each transfer:
Total gains from transfer × (Number of stocks, etc. exempt from corporate tax ÷ Total number of stocks, etc. transferred)

(2) "Corporation prescribed by Presidential Decree" in Article 13 (1) 4 of the Act means a corporation that manages and operates the fund established under Acts, or operates the mutual - aid business under Acts, which is prescribed by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(3) The dividend income, exempt from corporate tax under Article 13 (4) of the Act, shall be computed by the following formula based on the type classifiable:<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 25211, Feb. 21, 2014>

Dividend income × (Number of stocks, etc. exempt from corporate tax ÷ Total number of stocks, etc. held)

[This Article Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000]

Article 12 - 2 (Special Taxation for Investment by Domestic Corporations in Venture Businesses, etc.)

(1) "Domestic corporation prescribed by Presidential Decree" in the main sentence of Article 13 - 2 (1) of the Act, means any domestic corporation, except:

1. A small or medium business start - up investment company referred to in Article 13 (1) 1 of the Act;

2. A new technology venture capitalist referred to in Article 13 (1) 2 of the Act;
3. A limited - liability company investing in venture businesses referred to in Article 13 (1) 3 of the Act;
4. A fund management corporation, etc. referred to in Article 13 (1) 4 of the Act.

(2) "Related party prescribed by Presidential Decree" in the proviso to Article 13 - 2 (1) of the Act, means any related party defined in Article 87 of the Enforcement Decree of the Corporate Tax Act.

(3) An additional amount equivalent to interest referred to in Article 13 - 2 (3) of the Act, means an amount calculated by multiplying the amount of tax deducted, by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the date following the filing date of the tax return for the tax - deducted business year, until the filing date of the tax return for the business year in which the ground specified in Article 13 - 2 (3) of the Act arises;
2. 3/10,000 per day.

(4) The scope of controlling stockholder, etc. referred to in Article 13 - 2 (3) of the Act, shall be as provided for in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act.

(5) A domestic corporation that wishes to be eligible under Article 13 - 2 (1) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 13 (Special Taxation on Investment in Business Starters, etc.)(1) "Stocks or equity shares prescribed by Presidential Decree" in Article 14 (1) 4 of the Act means stocks or equity shares acquired by making an investment that meets the requirements of subparagraphs 1 and 2, and three years have passed since the date of such investment: <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26959, Feb. 5, 2016>

1. Such investment shall be made in a venture business for which five years have not passed since its establishment (referring to a venture business defined under

Article 2 (1) of the Act on Special Measures for the Promotion of Venture Businesses; hereafter in this Article the same shall apply) or a business converted into a venture business not more than three years ago: Provided, That an investment shall be deemed to have been made in a venture business for which five years have not passed since its establishment, if an additional investment is made within three years from the date of initial investment in the venture business within five years after its establishment, and the sum of the initial investment and the additional investment does not exceed one billion won;

2. Such investment shall be made in any of the following venture businesses: Provided, That Article 87 (1) 2 of the Enforcement Decree of the Corporate Tax Act shall not apply where the proviso to subparagraph 1 is applicable:

(a) A venture business with no special relationship defined under Article 98 (1) of the Enforcement Decree of the Income Tax Act or Article 87 (1) of the Enforcement Decree of the Corporate Tax Act (hereafter referred to as "special relationship" in this paragraph);

(b) An investment made by an association established under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses in a venture business that has no special relationship with any of its members.

(2) Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

Article 14 (Income Deduction for Contributions, etc. to Small or Medium Start - Up Investment Funds, etc.)(1) "Venture business investment trust prescribed by Presidential Decree" in Article 16 (1) 2 of the Act, means any trust that meets all

the following requirements (hereafter in this Article, referred to as "venture business investment trust"): <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

1. It shall be an investment trust established under the Financial Investment Services and Capital Markets Act (excluding special accounts of insurance companies under Article 251 of the same Act; hereinafter referred to as "investment trust") and the contract period shall be at least three years;

2. It shall be transacted by a bankbook;
3. It shall be managed by investing (referring to investing defined in Article 2 (2) of the Act on Special Measures for the Promotion of Venture Businesses) at least 50/100 of the assets held in a trust in a venture business, within six months from the date of establishment of the trust.

(2) "Where the resident invests the amount contributed 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 and Article 16 - 4, referred to as "venture business, etc. "), as prescribed by Presidential Decree " in Article 16 (1) 3 of the Act, means where a fund established under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses (hereafter in this Article, referred to as "private investment fund"), invests contributions made by residents in any of the following businesses (hereafter in this Article and Article 14 - 4, referred to as "venture business, etc.") pursuant to the same Act by the end of the taxable year immediately following the taxable year in which the contributions are made:<Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. A venture business;
2. A small or medium business for which three years have not passed since its incorporation and of which technology is highly appreciated under Article 2 - 2 (1) 2 (c) (iii) of the Act on Special Measures for the Promotion of Venture Businesses;
3. A small or medium business for which three years have not passed since its incorporation and which spent at least 30 million won (or at least 20 million won in cases of a business engaged in any of the business activities specified in attached Table 1 to the Enforcement Decree of the Basic Research Promotion and Technology Development Support Act) on the expenses specified in Article 8 during the taxable year immediately preceding the taxable year in which a private investment fund made an investment in the business (or in which an industrial property right is invested in the case of Article 16 - 4 of the Act): Provided, That, if the duration of the immediately preceding taxable year does not exceed six months, an eligible business shall be a small or medium business that spent at least 15 million won on the expenses specified in Article 8 (or at least 10 million won in cases of a business engaged in any of the business activities specified in attached

Table 1 to the Enforcement Decree of the Basic Research Promotion and Technology Development Support Act).

(3) Where an investment is made in a venture business, etc. pursuant to paragraph (2), the investment eligible for income deduction shall be calculated by the following formula: <Amended by Presidential Decree No. 25211, Feb. 21, 2014 >

{Amount contributed by a resident to a private investment fund × (Amount invested in a venture business, etc. by the private investment fund ÷ the total amount of the investment by the private investment fund)}

(4) Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

(5) A resident who intends to be granted an income deduction under Article 16 of the Act, shall file an application for income deductions in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the withholding agent, the tax association, or the head of the tax office having jurisdiction over the place of tax payment, along with a certificate of a contribution or an investment in the form prescribed by Ordinance of the Ministry of Strategy and Finance, issued by the manager of the small or medium business start - up investment fund under the Support for Small and Medium Enterprise Establishment Act (hereinafter referred to as "small or medium business start - up investment fund"); the manager of the Korea Venture Fund established under the Act on Special Measures for the Promotion of Venture Businesses (hereinafter referred to as the "Korea Venture Fund"); the manager of a new technology venture capital fund established under the Specialized Credit Finance Business Act (hereinafter referred to as "new technology venture capital fund"); the collective investment entity of a venture business investment trust under the Financial Investment Services and Capital Markets Act; the executive partner of a private equity fund specialized in business start - ups and venture businesses under the same Act; a person to whom the Administrator of the Small and Medium Business Administration has delegated his/her authority under Article 27 of the Act on Special Measures for the Promotion of Venture Businesses; or a manager of a specialized investment fund for components and materials established under the Act on Special Measures for the Promotion of Specialized Enterprises, etc. for Materials and Components (hereinafter referred to as "specialized investment fund for materials and components") (hereafter in this Article, referred to as "investment fund manager, etc."), by the date classified as follows: <Amended by Presidential Decree

No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21480, May 6, 2009; Presidential Decree No. 25079, Jan. 14, 2014; Presidential Decree No. 26205, Apr. 20, 2015; Presidential Decree No. 27848, Feb. 7, 2017 >

1. For a resident subject to Article 73 of the Income Tax Act: The date he/she receives wages or business income for one month of the year following the relevant year (or the date he/she receives wages or business income for the month in which the date of resignation or business closure falls, if he/she resigns or closes his/her business);
2. For any resident other than subparagraph 1: The filing deadline of the final return on global income tax base.

(6) Where any of the grounds for additional collection arises under Article 16 (2) of the Act, the investment fund manager, etc. shall submit a notice of changes in equity shares, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the withholding agent, the tax association, or the head of the tax office having jurisdiction over the place of tax payment, with which the relevant resident has filed an application for income deductions pursuant to paragraph (5): Provided, That, where any of the following grounds arises, the investment fund manager, etc. shall submit a notice of changes in equity shares, etc. to the head of the tax office having jurisdiction over the place of tax payment: < Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Suspension or closure of business by the withholding agent;
2. Dissolution of the tax association;
3. Resignation of an employee;
4. Suspension or closure of business of a person with only business income referred to in Article 73 (1) 4 of the Income Tax Act.

(7) Upon receipt of a notice of changes in equity shares, etc. under paragraph (6), the withholding agent, the tax association, or the head of a tax office having jurisdiction over the place of tax payment, shall additionally collect without delay the equivalent to the income deduction granted to the relevant resident under Article 16 (1) of the Act (limited to the portion related to a transfer or recovery of the equity

shares or investment shares or a transfer or repurchase of the beneficiary certificates).

(8) "Ground prescribed by Presidential Decree" in the proviso to Article 16 (2) of the Act, means any of the following grounds:<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21480, May 6, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26205, Apr. 20, 2015>

1. Emigration of all members of a household to a foreign country under the Emigration Act;
2. Occurrence of a serious loss to property due to a natural disaster;
3. Dissolution of the small or medium business start - up investment fund, the Korea Venture Fund, a new technology venture capital fund, a specialized investment fund for materials and components, or a collective investment entity under the Financial Investment Services and Capital Markets Act.

Article 14 - 2 (Special Cases on Payment of Gains from Exercising Stock Options of Venture Businesses)

(1) "Amount prescribed by Presidential Decree" in Article 16 - 2 (1) 2 of the Act means an amount computed by deducting the finalized tax amount calculated by excluding the amount of income acquired from the gains from exercising the stock option from the amount of global income in the relevant taxable period from the finalized tax amount for the relevant taxable period.

(2) An executive or employee of a venture business who intends to pay income tax under Article 16 - 2 (1) of the Act (hereafter referred to as "executive, etc. of a venture business" in this Article) shall submit an application for special cases in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter referred to as "application for special cases" in this Article) to the withholding agent by no later than the fifth day of the month following the month in which the date he/she has exercised his/her stock option falls.

(3) An withholding agent, in receipt of an application for special cases under paragraph (2), shall submit a statement on the subjects of application of special cases in the form prescribed by Ordinance of the Ministry of Strategy and Finance by no later than the tenth day of the month following the month in which the date he/she

has exercised his/her stock option falls.

(4) An executive, etc. of a venture business who has submitted an application for special cases under paragraph (2) shall submit a copy of the application for special cases to the head of a tax office having jurisdiction over the place of tax payment when filing his/her final return of the global tax base under Article 70 of the Income Tax Act for the taxable period in which the date he/she has exercised his/her stock option falls.

(5) Notwithstanding the provisions of paragraphs (2) through (4), an executive, etc. of a venture business who fails to have submitted an application for special cases within the period prescribed in paragraph (2), but intends to pay income tax under Article 16 - 2 (1) of the Act shall submit an application for special cases when filing his/her final return of the global tax base under Article 70 of the Income Tax Act for the taxable period in which the date he/she has exercised his/her stock option falls.

[\[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014\]](#)

Article 14 - 3 (Special Taxation for Gains from Exercising Stock Options)(1) “ Person prescribed by Presidential Decree ” in Article 16 - 3 (1) of the Act, means an executive officer or employee granted a stock option under Article 16 - 3 (1) of the Act on Special Measures for the Promotion of Venture Businesses (excluding the following persons as at the date a resolution is passed at the stockholders ’ general meeting under Article 16 - 3 (1) of the Act on Special Measures for the Promotion of Venture Businesses; hereafter in this Article, referred to as “ executive officer or employee of a venture business ”):

1. A person who holds more than 10/100 of the total number of outstanding stocks of the relevant corporation, if he/she exercises all of his/her stock options;
2. A stockholder of the relevant corporation, who is identified as a controlling stockholder, etc., as provided for in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act;
3. A stockholder who holds more than 10/100 of the total number of outstanding stocks of the relevant corporation;
4. A person who is a relative of the stockholder referred to in subparagraph 3 or who has control over the management of such stockholder, as provided for in Article 1 - 2 (1) or (3) 1 of the Enforcement Decree of the Framework Act on National

Taxes.

(2) An executive officer or employee of a venture business who wishes to be eligible under Article 16 - 3 (1) of the Act, shall open an account specified by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as “ account only for stock options ”) with a financial investment business entity defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as “ financial investment business entity ”), and shall file an application for special taxation in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as “ application for special taxation ”) with the venture business by the date immediately preceding the date he/she intends to exercise a stock option, along with a written confirmation of opening an account only for stock options in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(3) Upon receipt of an application for special taxation under paragraph (2), a venture business shall deposit the stocks issued by the exercise of a stock option in the account only for stock options, and shall submit a statement of deposit of stocks by the exercise of a stock option in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as “ statement of delivery of stocks by the exercise of a stock option ”) and a statement of a person eligible for special taxation in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as “ statement of a person eligible for special taxation ”), to the head of the tax office having jurisdiction over withholding taxes, by no later than the tenth day of the month immediately following the month in which the person exercises the stock option.

(4) A financial investment business entity shall submit a report on transactions through the accounts only for stock options in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as “ report on transactions through the accounts only for stock options ”), to the head of the tax office having jurisdiction over its head office or principal place of business, by no later than the end of the month immediately following the end of each quarter.

(5) “ Requirements prescribed by Presidential Decree ” in Article 16 - 3 (1) 1 of the Act, means the following requirements: <Amended by Presidential Decree No. 27649, Dec. 1, 2016 >

1. A venture business shall make an agreement with its executive officers or employees after passing a resolution on the quantity of stock options, purchase price, eligible persons, duration, etc. at the stockholders' general meeting before it grants stock options;
 2. Stock options granted under subparagraph 1 shall be non-transferable;
 3. Stock options shall be exercised after a person serves in or works for the relevant corporation for at least two years from the day a resolution is passed at the stockholders' general meeting under Article 16-3 (1) of the Act on Special Measures for the Promotion of Venture Businesses, except in extenuating circumstances specified by Ordinance of the Ministry of Strategy and Finance, such as death or reaching the statutory retirement age;
 4. Stock options shall not be granted pursuant to Article 11-3 (3) of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Businesses.
- (6) When an executive officer or employee of a venture business files a tax return on capital gains tax under Article 105 or 110 of the Income Tax Act to pay capital gains tax under Article 16-3 (2) of the Act, the executive officer or employee shall submit a written confirmation issued by the venture business on the application for special taxation filed under paragraph (2), in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment.
- (7) “ Amount prescribed by Presidential Decree ” in Article 16-3 (4) of the Act, means the difference between the agreed purchase price and the market price of stocks at the agreed time to purchase the stocks.
- (8) “ Extenuating circumstances prescribed by Presidential Decree, such as where the venture business becomes bankrupt ” in Article 16-3 (5) 1 of the Act, means:
<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >
1. Where the venture business that granted stock options becomes bankrupt;
 2. Where stocks are disposed of with permission from the court in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act;
 3. Where stocks of the relevant corporation are disposed of due to a merger, division, etc., and new stocks of the merging corporation or the corporation newly established as a consequence of the division are delivered in return.

(9) “ Data prescribed by Presidential Decree ” in Article 16 - 3 (6) of the Act, means a statement of delivery of stocks by the exercise of a stock option, a statement of a person eligible for special taxation, and a report on transactions through the account only for stock options.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 14 - 4 (Special Taxation for Gains from Investment of Industrial Property Rights in Kind) (1) “ Patent, utility model right, design right, or trademark prescribed by

Presidential Decree" in Article 16 - 4 (1) of the Act, means the following:

1. A patent registered under the Patent Act;
2. A utility model right registered under the Utility Model Act;
3. A design right registered under the Design Protection Act;
4. A trademark registered under the Trademark Act.

(2) "Related party prescribed by Presidential Decree" in Article 16 - 4 (1) of the Act, means the following:

1. A person who will hold more than 30/100 of the total number of outstanding stocks of the relevant corporation (including stockholders who already hold more than 30/100 of the total number of outstanding stocks of the relevant corporation before making an investment in kind), if the person receives stocks in return for an industrial property right invested in kind under Article 16 - 4 (1) of the Act (hereafter in this Article, referred to as "industrial property right");
2. A stockholder of the relevant corporation, who is identified as a controlling stockholder, etc., as provided for in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act;
3. A person who is a relative of, or has an economic relationship with, or has control over the management of, a stockholder who holds more than 30/100 of the total number of outstanding stocks of the relevant corporation, as provided for in Article 1 - 2 (1), (2), or (3) 1 of the Enforcement Decree of the Framework Act on National Taxes.

(3) A person who wishes to be eligible under Article 16 - 4 (1) of the Act, shall open an account prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "account only for stocks for the investment of an industrial property right") with a financial investment business entity defined in

Article 8 (1) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "financial investment business entity"), and shall file an application for special taxation (hereafter in this Article, referred to as "application for special taxation"), in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant venture business, etc. by the date immediately preceding the date the person receives stocks in return for the investment, along with a written confirmation of opening of an account only for stocks for the investment of an industrial property right in the form prescribed by Ordinance of the Ministry of Strategy and Finance, which is issued by the financial investment business entity. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(4) Upon receipt of an application for special taxation under paragraph (3), a venture business, etc. shall issue a certificate of the application for special taxation (hereafter in this Article, referred to as "certificate of the application for special taxation"), to the person who wishes to be eligible under Article 16 - 4 (1) of the Act, in the form prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(5) Upon receipt of an application for special taxation under paragraph (3), a venture business, etc. shall deposit the stocks issued in return for the investment of an industrial property right in the account only for stocks for the investment of an industrial property right, and shall submit a statement of the delivery of stocks for the investment of an industrial property right (hereafter in this Article, referred to as "statement of the delivery of stocks for the investment of an industrial property right") and a statement of a person eligible for special taxation (hereafter in this Article, referred to as "statement of a person eligible for special taxation"), in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over withholding taxes by the tenth day of the month immediately following the month in which the stocks are delivered in return for the investment of the industrial property right. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(6) A financial investment business entity shall submit a report on transactions through accounts only for stocks for the investment of an industrial property right prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "report on transactions through accounts only for stocks for

the investment of an industrial property right"), to the head of the tax office having jurisdiction over its head office or principal place of business, by no later than the end of the month immediately following the end of each quarter.

(7) A person who intends to pay capital gains tax under Article 16 - 4 (2) of the Act, shall file a certificate of an application for special taxation, with the head of the tax office having jurisdiction over the place of tax payment, when filing the tax return on capital gains tax under Article 105 or 110 of the Income Tax Act.

(8) The acquisition price of an industrial property right under Article 16 - 4 (3) of the Act, shall be calculated by the method for calculating the acquisition value of an asset prescribed in Article 89 of the Enforcement Decree of the Income Tax Act.

(9) "Data prescribed by Presidential Decree" in Article 16 - 4 (4) of the Act, means a statement of the delivery of stocks for the investment of an industrial property right, a statement of a person eligible for special taxation, and a report on transactions through accounts only for stocks for the investment of an industrial property right.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 15 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 16 (Scope, etc. of Foreign Engineers)(1) "Foreign engineer prescribed by Presidential Decree" in Article 18 (1) of the Act means a non - Korean national who falls under any of the following subparagraphs: <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18408, Jun. 5, 2004; Presidential Decree No. 18594, Dec. 3, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015 >

1. A person who provides technology in the Republic of Korea under an engineering technology license agreement prescribed by Ordinance of the Ministry of Strategy and Finance;
2. A researcher working in the research and development facility of a foreign - capital invested company that meets the requirements prescribed by Ordinance of the Ministry of Strategy and Finance, including requirement of having an independent research facility;

2 - 2. through 4. Deleted.<by Presidential Decree No. 26070, Feb. 3, 2015 >

(2) Deleted.<by Presidential Decree No. 26070, Feb. 3, 2015 >

(3) A person who intends to obtain an income tax reduction under Article 18 (1) of the Act shall file an application for tax reduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over withholding taxes via the relevant withholding agent, by no later than the tenth day of the month immediately following the month in which the person provided service.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

Article 16 - 2 (Special Taxation for Foreign Workers)(1) "Foreign investment enterprises prescribed by Presidential Decree" in the main sentence of Article 18 - 2 (2) of the Act means enterprises granted a reduction of, or exemption from, corporate tax, income tax, acquisition tax, and property tax under Article 121 - 2 of the Act, or enterprises that meet the requirements for tax reduction or exemption under Article 116 - 2 (3) through (10) as at the end of the relevant taxable year. <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(2) "Related person prescribed by Presidential Decree" in the main sentence of Article 18 - 2 (2) of the Act means an enterprise that has a relationship of relatives or management control relationship defined under Article 1 - 2 (1) or (3) of the Enforcement Decree of the Framework Act on National Taxes, with the enterprise to which a foreign worker provides service as at the end of the relevant taxable year: Provided, That the requirement of Article 1 - 2 (4) 1 (b) of the same Act shall not apply in determining of the management control relationship with the relevant enterprise.<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(3) “ Regional headquarters prescribed by Presidential Decree ” in the proviso to Article 18 - 2 (2) of the Act means a local headquarters defined under Article 20 - 2 (4) 1 of the Enforcement Decree of the Foreign Investment Promotion Act.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(4) A foreign worker (only applicable to foreign workers who do not have the nationality of the Republic of Korea as at the end of the relevant taxable year) who

intends to obtain a tax deduction under Article 18 - 2 (2) of the Act shall submit a wage and salary income earner's return on income deductions and tax credits under Article 198 (1) of the Enforcement Decree of the Income Tax Act, and an application for single tax rate for foreign workers in the form stipulated by Ordinance of the Ministry of Strategy and Finance to the withholding agent, taxpayers' union, or the head of a tax office having jurisdiction over the place of tax payment, when making a year - end settlement of earned income tax amount or filing a final return of global income tax base.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(5) A foreign worker (only applicable to foreign workers who do not have the nationality of the Republic of Korea as at the date of filing an application for withholding) who intends to be accorded tax treatment under Article 18 - 2 (4) of the Act shall submit an application for withholding applying single tax rate in the form stipulated by Ordinance of the Ministry of Strategy and Finance to the head of a tax office having jurisdiction over withholding by the tenth of the month following the month in which the foreign worker provided service.<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26070, Feb. 3, 2015>

(6) Where a foreign worker who has submitted an application for withholding applying single tax rate under paragraph (5) submits an application for renouncement of withholding applying single tax rate in the form stipulated by Ordinance of the Ministry of Strategy and Finance to the head of a tax office having jurisdiction over withholding through the withholding agent, Article 18 - 2 (4) of the Act shall not apply, starting from the taxable period following the taxable period in which the date of submission of such application falls.<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Wholly Amended by Presidential Decree No. 18176, Dec. 30, 2003]

Article 17 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000>

SECTION 3 Special Taxation on International Capital Transactions

Article 18 (Exemption of Corporate Tax, etc. on Interest Income, etc. from International Financial Transactions)(1) Deleted. <by Presidential Decree No. 20620, Feb, 22, 2008 >

(2) "Finance companies, etc. prescribed by Presidential Decree" in Article 21 (1) 3 of the Act, means the following finance companies, etc.:<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22493, Nov. 15, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 27848, Feb. 7, 2017 >

1. A bank authorized to engage in banking business under the Banking Act;
2. The Korea Development Bank incorporated under the Korea Development Bank Act;
3. The Export - Import Bank of Korea incorporated under the Export - Import Bank of Korea Act;
4. The Industrial Bank of Korea incorporated under the Industrial Bank of Korea Act;
5. Deleted;<by Presidential Decree No. 16693, Jan. 10, 2000 >
6. The NongHyup Bank incorporated under the Agricultural Cooperatives Act;
7. The SuHyup Bank incorporated under the Fisheries Cooperatives Act;
8. Deleted;<by Presidential Decree No. 25945, Dec. 30, 2014 >
9. A merchant bank incorporated under the Financial Investment Services and Capital Markets Act.

(3) Deleted.<by Presidential Decree No. 17829, Dec. 30, 2002 >

(4) "Securities prescribed by Presidential Decree" in Article 21 (3) of the Act, means the following:<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

1. Securities denominated in a foreign currency or those prescribed by Ordinance of the Ministry of Strategy and Finance which are payable in a foreign country among those issued outside the Republic of Korea: Provided, That, excluded herefrom shall be where deposit certificates issued on the basis of stocks, investment certificates, or other securities (hereafter in this paragraph, referred to as "taxable stocks, etc.") are transferred, and where the owner of taxable stocks, etc. before

the deposit certificates are issued keeps holding the relevant deposit certificates after the deposit certificates are issued until the deposit certificates are transferred;

2. Stocks or equity shares of domestic corporations listed or registered at a foreign securities market prescribed by Ordinance of the Ministry of Strategy and Finance, that are transferred at the foreign securities market: Provided, That taxable stocks, etc. that have not been acquired in the foreign securities market and are first transferred in such foreign securities market, shall be excluded. The same shall not apply where taxable stocks, etc. offered and sold to meet the requirements for distribution of shares under the listing regulations of a foreign securities market, are acquired and transferred.

Article 18 - 2 (Non - Taxation of Interest Income Tax on Foreign Currency Time Deposits of Non - Residents, etc.)(1) "Foreign currency time deposit prescribed by

Presidential Decree" in Article 21 - 2 (1) of the Act means a foreign currency time deposit dealt in by a foreign exchange business handling institution referred to in Article 21 (1) 2 of the Act, contractual terms and conditions of which have been deliberated upon by the Governor of the Financial Supervisory Service.

(2) Where a person holding an account of the deposit terminates the savings contract or withdraws all or part of the savings during the contract period under Article 21 - 2 (2) of the Act, the income tax or corporate tax shall be additionally collected pursuant to the following subparagraphs: Provided, That where the deposit is maintained for at least one year without withdrawal of savings, no income tax or corporate tax shall be imposed on the interest accrued for such one year period:

1. Where the saving contract is terminated: Income tax or corporate tax which has not been imposed on the interest accrued;
2. Where the savings are withdrawn: Income tax or corporate tax which has not been imposed on the interest generated from the savings from the contract date to the withdrawal date.

(3) A non - resident, etc. who seeks the benefit under Article 21 - 2 (1) shall submit a document verifying that he/she is a non - resident, etc. to the relevant foreign exchange business handling institution, as prescribed by the Commissioner of the National Tax Service.

(4) Where a non - resident, etc. makes a change in or renews his/her savings contract causing the relevant deposit to fall under a foreign currency time deposit to which Article 21 - 2 (1) applies, the account of such deposit shall be deemed newly opened on the date of such change or renewal.

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 19 (Scope of Overseas Resources Development Projects)

"Overseas resources development projects prescribed by Presidential Decree" in Article 22 of the Act means projects of developing following resources in the foreign countries (including projects of processing resources pursuant to the terms and conditions of introduction of foreign capital of foreign countries possessing resources): <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. Agricultural produces;
2. Livestock produces;
3. Fishery produces;
4. Forest produces;
5. Minerals.

Article 20 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

SECTION 4 Special Taxation for Investment Promotion

Article 21 (Scope of Investment in Facilities for Improving Productivity)(1) " Middle - standing enterprise prescribed by Presidential Decree " in Article 24 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

(2) "Facilities prescribed by Presidential Decree" in Article 24 (1) 1 of the Act, means the facilities specified by Ordinance of the Ministry of Strategy and Finance, in which investment is made for improving production process, automation of facilities, or informatization. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015>

(3) "Equipment prescribed by Presidential Decree" in Article 24 (1) 2 of the Act, means the equipment specified by Ordinance of the Ministry of Strategy and Finance,

which is manufactured by using or applying advanced technologies. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

(4) "Systems prescribed by Presidential Decree" in Article 24 (1) 9 of the Act, means knowledge management systems or any similar systems, specified by Ordinance of the Ministry of Strategy and Finance. <Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

(5) A person who wishes to be granted a tax credit under Article 24 (1) of the Act, shall file an application for tax credit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the person completes the investment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

Article 22 (Scope of Investment, etc, in Safety Facilities)(1) "Facilities prescribed by Presidential Decree" in the former part of Article 25 (1) of the Act, means the following facilities: <Amended by Presidential Decree No. 16508, Aug. 6, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 18796, Apr. 22, 2005; Presidential Decree No. 19494, May 30, 2006; Presidential Decree No. 20290, Sep. 27, 2007; Presidential Decree No. 20428, Nov. 30, 2007; Presidential Decree No. 20544, Jan. 11, 2008; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27767, Jan. 6, 2017; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Deleted; <by Presidential Decree No. 17034, Dec. 29, 2000 >

2. and 3. Deleted; <by Presidential Decree No. 20620, Feb, 22. 2008 >

4. Facilities prescribed by Ordinance of the Ministry of Strategy and Finance for promoting rationalization of the distribution industry under the Distribution Industry Development Act;

5. Inspection counters or research facilities installed by an outsourcing enterprise at an outsourced enterprise under the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises;
6. Industrial accident prevention facilities installed under the Occupational Safety and Health Act and facilities prescribed by Ordinance of the Ministry of Strategy and Finance for keeping gas supply facilities safe under the Urban Gas Business Act;
- 6 - 2. Facilities prescribed by Ordinance of the Ministry of Strategy and Finance for keeping facilities for handling toxic chemicals safe under the Chemicals Control Act;
7. Mine safety facilities prescribed by Ordinance of the Ministry of Strategy and Finance installed under the Mining Safety Act;
8. Facilities reinforced or expanded by a person designated as a priority control object under the Emergency Resources Management Act to perform the emergency - preparedness activities according to the competent minister ' s order to reinforce and expand such facilities;
9. Inspection equipment, etc. prescribed by Ordinance of the Ministry of Strategy and Finance to prevent harmful materials from being mixed with livestock products or food or from polluting them throughout the entire processes of raw material management, treatment, processing, and distribution of the livestock products or food;
10. Technological drain prevention equipment prescribed by Ordinance of the Ministry of Strategy and Finance, such as information protection systems and equipment;
11. Drilling and mining equipment, etc. prescribed by Ordinance of the Ministry of Strategy and Finance, which are used by any overseas resources development business operator to explore overseas mineral resources under the Overseas Resources Development Business Act;
12. Facilities prescribed by Ordinance of the Ministry of Strategy and Finance for reinforcing earthquake - resistance of the following buildings (limited to buildings defined in Article 2 (1) 2 of the Building Act; hereafter in this subparagraph, the same shall apply) according to the standards prescribed by Ordinance of the Ministry of Strategy and Finance:

(a) Buildings not subject to the structural safety examination under Article 48 (2) of the Building Act;

(b) Buildings not subject to the structural safety examination under any statute in force as at the time of construction.

(2) “ Middle - standing enterprise prescribed by Presidential Decree ” in the former part of Article 25 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(3) “ Commodities prescribed by Presidential Decree for fire - fighting ” in Article 25 (1) 1 of the Act, means the fire engines specified by Ordinance of the Ministry of Strategy and Finance, excluding chemical fire engines that shall be kept available by a person responsible for a place of business for which a fire brigade shall be organized under Article 19 of the Act on the Safety Control of Hazardous Substances. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(4) A person who wishes to be eligible under Article 25 (1) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return for the taxable year in which the person completes investments. <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015 >

Article 22 - 2 (Scope of Energy - Saving Facilities)(1) "Energy - saving facilities

prescribed by Presidential Decree" in Article 25 - 2 (1) of the Act, means any of the following facilities: <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 18796, Apr. 22, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22967, Jun. 8, 2011; Presidential Decree No. 23590, Feb. 2, 2012 >

1. Energy - saving type facilities, etc. under the Energy Use Rationalization Act as prescribed by Ordinance of the Ministry of Strategy and Finance (including facilities established by an enterprise specialized in energy - saving under the same Act on condition that it acquires the ownership after paying the price in installments);

2. Deleted; <by Presidential Decree No. 23590, Feb. 2, 2012 >

3. Wastewater reclamation and reusing systems under the Act on Promotion and Support of Water Reuse and the water - saving equipment and apparatus under the Water Supply and Waterworks Installation Act;

4. Facilities to manufacture the parts, intermediate goods, or finished goods of a facility to manufacture new energy and renewable energy under Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy, which are prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Middle - standing enterprise prescribed by Presidential Decree" in Article 25 - 2 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1).

[<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>](#)

(3) A person who wishes to be granted a tax credit under Article 25 - 2 (1) of the Act, shall submit an application for tax credit prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return for the taxable year in which he/she has completed such investment, to the head of a tax office having jurisdiction over the place of tax payment.

[<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23590, Feb. 2, 2012>](#)

[\[This Article Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000\]](#)

Article 22 - 3 (Scope, etc. of Facilities for Environmental Conservation)(1) "Any facility for environmental conservation prescribed by Presidential Decree" in the former part of Article 25 - 3 (1) of the Act, means any of the following facilities: [<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22224, Jun. 28, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>](#)

1. Air pollution prevention facilities and fuel supply facilities for non - pollution or low - pollution motor vehicles under the Clean Air Conservation Act; noise or vibration prevention facilities and sound - proof or vibration - proof facilities under the Noise and Vibration Control Act; treatment facilities under the Act on the Management and Use of Livestock Excreta; sewage treatment facilities under the Enforcement Decree of the Sewerage Act; water pollution prevention facilities under the Water Quality and Aquatic Ecosystem Conservation Act; waste treatment facilities and waste quantity reduction facilities under the Wastes Control Act;

construction waste treatment facilities under the Construction Waste Recycling Promotion Act; recycling facilities under the Act on the Promotion of Saving and Recycling of Resources; ships, equipment, and materials for sea pollution prevention business under the Marine Environment Management Act; desulfurization facilities, among oil refining facilities under the Petroleum and Alternative Fuel Business Act; and soil pollution prevention facilities under Article 12 (3) of the Soil Environment Conservation Act (limited to those meeting the recommended installation, maintenance, and management standards under Article 7 - 2 (2) of the Enforcement Decree of the aforesaid Act), which are prescribed by Ordinance of the Ministry of Strategy and Finance;

2. Cleaning manufacturing facilities prescribed by Ordinance of the Ministry of Strategy and Finance;
3. Facilities for reducing greenhouse gas emissions prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Middle - standing enterprise prescribed by Presidential Decree" in the former part of Article 25 - 3 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014 >

(3) A person who intends to be granted a tax credit under Article 25 - 3 (1) of the Act, shall submit an application for tax credit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with a tax return of the taxable year in which the person completes investment, to the head of the tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 22 - 4 (Scope, etc. of Facilities to Improve Quality Control of Medical Supplies)

(1) "Facilities to improve the quality control of medical supplies prescribed by Presidential Decree" in the former part of Article 25 - 4 (1) of the Act, means the facilities prescribed by Ordinance of the Ministry of Strategy and Finance to manufacture or supply medical supplies of outstanding quality. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(2) "Middle - standing enterprise prescribed by Presidential Decree" in the former part of Article 25 - 4 (1) of the Act, means a middle - standing enterprise provided for

in Article 10 (1). <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

(3) A person who intends to be granted a tax credit under Article 25 - 4 (1) of the Act, shall submit an application for tax credit stipulated by Ordinance of the Ministry of Strategy and Finance, along with a tax return in the taxable year in which he/she completes investment, to the head of a tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 22 - 5 (Tax Credit for Investment in Facilities for Commercializing New Growth

Technologies)(1) "Facilities for commercializing new growth technologies prescribed by Presidential Decree" in Article 25 - 5 (1) of the Act, means business assets provided for in Article 4 (2), which are recognized by the Ministry of Trade, Industry and Energy after deliberation by the deliberative committee on new growth engines and source technologies established under Article 9 (10), among facilities for commercializing eligible technologies in the field of new growth engines and source technology listed in attached Table 7, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Middle - standing enterprise prescribed by Presidential Decree" in Article 25 - 5 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1).

(3) The amount invested under Article 25 - 5 (1) of the Act, shall be the amount of subparagraph 1 minus the amount of subparagraph 2:

1. The greater of the amount calculated by multiplying the total amount invested, by the progress rate of work referred to in Article 69 (1) of the Enforcement Decree of the Corporate Tax Act, and the amount actually spent by the relevant taxable year;

2. The aggregate of the following amounts:

(a) The amount invested, subject to Article 25 - 5 of the Act before the relevant taxable year;

(b) The amount calculated by applying mutatis mutandis subparagraph 1 to the portion invested before the relevant taxable year, except the amount of item (a).

(4) "Research and development expenses for new growth engines and source technologies, etc. shall meet the requirements prescribed by Presidential Decree" in Article 25 - 5 (1) 1 of the Act, means that either of the following requirements shall

be met:

1. The ratio of research and development expenses incurred for new growth engines and source technologies to the total expenses for research and human resources development during the taxable year immediately preceding the taxable year in which the relevant investment began, shall be at least 10/100;
2. The relevant enterprise shall hold a patent first created and registered as a result of its own research and development of the eligible technology in any field of new growth engines and source technologies, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(5) The amount of income tax or corporate tax payable under Article 25 - 5 (2) 1 of the Act, shall be calculated as follows (the amounts of subparagraphs 1 and 2 (referring to the aggregate of items (a) and (b)) shall not exceed the aggregate of tax credits granted under Articles 25 - 5 and 144 (4) of the Act within the two taxable year immediately preceding the taxable year in which the number of full - time employees decreased)); and such amount shall be paid as income tax or corporate tax, at the time of filing the tax return for the taxable year in which the number of full - time employees decreased:

1. Where the number of full - time employees decreased only in one taxable year:
The decreased number of full - time employees between the relevant taxable year and the tax - credit granted taxable year under Article 25 - 5 (1) or 144 (4) of the Act (referring to the second taxable year, if tax credits were granted for two consecutive taxable years) × Ten million won;

2. Where the number of full - time employees decreased for two consecutive taxable years:

- (a) The first taxable year in which the number of full - time employees decreased:

- The amount calculated under subparagraph 1;

- (b) The second taxable year in which the number of full - time employees decreased: The decreased number of full - time employees between the relevant taxable year and the immediately preceding taxable year × Ten million won.

- (6) For the purposes of Article 25 - 5 (1) and (2) of the Act, Article 23 (10) through (13) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees.

(7) The additional amount equivalent to interest, which shall be added in cases falling under Article 25 - 5 (2) 2 of the Act, shall be calculated by multiplying the amount of tax deducted, by the period of subparagraph and the ratio of subparagraph 2:

1. The period from the day following the date for filing the tax return for the tax - credit granted taxable year, until the date for filing the tax return for the taxable year in which a ground specified in Article 25 - 5 (2) 2 of the Act arises;
2. 3/10,000 per day.

(8) For the purposes of paragraphs (1), (3), and (4), the commencement date of an investment provided for in Article 23 (14) shall be deemed the commencement date of an investment.

(9) A person who intends to be granted a tax credit under Article 25 - 5 (1) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 22 - 6 (Tax Credit for Production Costs of Video Content)(1) "National prescribed by Presidential Decree" in Article 25 - 6 (1) of the Act, means a producer of cinematographic works defined in subparagraph 14 of Article 2 of the Copyright Act, who meets the requirements prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Broadcast programs or motion pictures prescribed by Presidential Decree" in Article 25 - 6 (1) of the Act, means any of the following (hereafter in this Article, referred to as "video content"):

1. A drama, etc. specified by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "drama, etc."), which has been broadcast through the television channel of a broadcasting business operator defined in subparagraph 3 of Article 2 of the Broadcasting Act, among broadcast programs defined in subparagraph 17 of Article 2 of the same Act;
2. A motion picture defined in subparagraph 1 of Article 2 of the Promotion of the Motion Pictures and Video Products Act, screened repeatedly for a certain period at a movie theater (hereafter in this Article, referred to as "motion picture"), as prescribed by Ordinance of the Ministry of Strategy and Finance.

(3) "Cost prescribed by Presidential Decree" in Article 25 - 6 (1) of the Act, means the cost specified by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "production costs of video content"), including the labor cost for persons participating in the production of the video content: Provided, That the following costs and expenses shall be excluded herefrom:

1. The amount of assets received as contributions, etc. 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 Act, and used as the production costs of video content;
2. The expenses specified by Ordinance of the Ministry of Strategy and Finance, including the production costs spent abroad.

(4) "Middle - standing enterprise prescribed by Presidential Decree" in Article 25 - 6 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1).

(5) If a drama, etc. is broadcast in series over several taxable years, tax credits may be granted to the production costs calculated as prescribed by Ordinance of the Ministry of Strategy and Finance.

(6) A person who intends to be granted a tax credit under Article 25 - 6 (1) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year classified as follows:

1. In cases of a drama, etc.: The taxable year in which it is first broadcast through the television channel: Provided, That it means each taxable year in which the drama, etc. is broadcast in cases falling under paragraph (5);
2. In cases of a motion picture: The taxable year in which it premieres in a movie theater.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 23 (Tax Credits for Employment - Creating Investment)(1) "Investment prescribed by Presidential Decree" in the main sentence of Article 26 (1) of the Act, means an investment made by a national who engages in any business activities other than the consumer service businesses specified in Article 29 (3), to acquire a new facility that is one of the business assets specified by Ordinance of the Ministry

of Strategy and Finance (hereafter in this Article, referred to as "business asset") and to use it for the relevant business. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(2) The amount invested under Article 26 (1) of the Act, shall be the amount of subparagraph 1 minus the amount of subparagraph 2:<Amended by Presidential Decree No. 23590, Feb. 2, 2012>

1. The greater of the amount calculated by multiplying the total amount invested, by the progress rate of work referred to in Article 69 (1) of the Enforcement Decree of the Corporate Tax Act, and the amount actually spent by the relevant taxable year;

2. The aggregate of the following amounts:

(a) The amount invested, subject to Article 26 (1) 1 of the Act before the relevant taxable year;

(b) The amount calculated by applying mutatis mutandis subparagraph 1 to the portion invested before the relevant taxable year, except the amount of item (a).

(3) "Middle - standing enterprise prescribed by Presidential Decree" in Article 26 (1) 1 of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

(4) "Service businesses prescribed by Presidential Decree" in the main sentence of Article 26 (1) 2 of the Act, means any business (hereafter in this Article, referred to as "service businesses"), except the following:<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27127, May 10, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. Agriculture, forestry, and fisheries;

2. Mining;

3. Manufacturing;

4. Electricity, gas, steam, and water supply;

5. Construction;

6. Consumer service businesses provided for in Article 29 (3).

(5) "Schools prescribed by Presidential Decree" in Article 26 (1) 2 (a) of the Act, means the following schools (hereinafter referred to as "high schools, etc. aligned to industry demand"):<Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. High schools aligned to industry demand under Article 90 (1) 10 of the Enforcement Decree of the Elementary and Secondary Education Act;
2. Specialized high schools under Article 91 (1) of the Enforcement Decree of the Elementary and Secondary Education Act;
3. Various kinds of schools defined in subparagraph 5 of Article 2 of the Elementary and Secondary Education Act (limited to schools that provide curricula for vocational education, among alternative schools defined in Article 60 - 3 of the same Act, and schools that provide curricula for vocational education under entrustment to students enrolled in general high schools defined in subparagraph 1 of Article 76 - 2 of the Enforcement Decree of the same Act).

(6) For the purposes of Article 26 (1) 2 of the Act, where a national engaging in at least two different businesses, acquires a business asset that may be used for both a service business and any other business, the business asset shall be deemed a business asset for the business for which the asset is mainly used.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

(7) The number of graduates from high schools, etc. aligned to industry demand mentioned in Article 26 (1) 2 (a) of the Act, shall be determined with the number of full - time employees who have signed an employment contract before the lapse of two years since they graduated from high schools, etc. aligned to industry demand (the maximum number of such workers shall be calculated by subtracting the number of full - time employees in the immediately preceding taxable year from that number of full - time employees in the relevant taxable year).<Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

(8) The number of youth employees, employees with disabilities, and employees aged at least 60, as referred to in Article 26 (1) 2 (b) of the Act, shall be calculated as follows:<Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. Number of youth employees: The number of full - time employees (the maximum number of such employees shall be calculated by subtracting the number of full - time employees in the immediately preceding taxable year and the number of graduates from high schools, etc. aligned to industry demand under paragraph (7), from the number of full - time employees in the relevant taxable period) between the ages of 15 and 29 on the date an employment contract is entered into:

Provided, That, if a person has performed the military service specified in any item of Article 27 (1) 1, and his age calculated by subtracting the period of such military service (which shall not exceed six years) from his age as on the date an employment contract is entered into, does not exceed 29 years, the person shall be deemed a youth;

2. Number of employees with disabilities: The aggregate of the number of full - time employees with disabilities subject to the Act on Welfare of Persons with Disabilities, and the number of full - time employees who are wounded persons under the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State (the maximum number of such employees shall be calculated by subtracting the number of full - time employees in the immediately preceding taxable year, the number of graduates from high schools, etc. aligned to industry demand under paragraph (7), and the number of youth employees referred to in subparagraph 1, from the number of full - time employees in the relevant taxable period);

3. Number of employees aged at least 60: The number of full - time employees who are aged at least 60 on the date an employment contract is entered into (the maximum number of such employees shall be calculated by subtracting the number of full - time employees in the immediately preceding taxable year, the number of graduates from high schools, etc. aligned to industry demand under paragraph (7), the number of youth employees referred to in subparagraph 1, and the number of employees with disabilities referred to in subparagraph 2, from the number of full - time employees in the relevant taxable period).

(9) The amount of income tax or corporate tax payable under Article 26 (6) of the Act, shall be calculated as follows (the amounts of subparagraphs 1 and 2 (referring to the aggregate of items (a) and (b)) shall not exceed the aggregate of tax credits granted under Articles 26 (1) 2 and 144 (3) of the Act within the immediately preceding two taxable years to the taxable year in which the number of full - time employees decreased); and such amount shall be paid as income tax or corporate tax, at the time of filing the tax return for the taxable year in which the number of full - time employees decreased: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

1. Where the number of full - time employees decreased only in one taxable year:
The number of full - time employees decreased compared to that in the tax - credit granted taxable year under Article 26 (1) 2 or 144 (3) of the Act (referring to the second taxable year, if tax credits were granted for two consecutive taxable years) × Ten million won;
 2. Where the number of full - time employees decreased for two consecutive taxable years:
 - (a) The first taxable year in which the number of full - time employees decreased:
An amount calculated under subparagraph 1;
 - (b) The second taxable year in which the number of full - time employees decreased: The decreased number of full - time employees between the immediately preceding taxable year and the relevant taxable year × Ten million won.
- (10) For the purposes of paragraphs (7) through (9), full - time employees shall be nationals who have enter into an employment contract under the Labor Standards Act: Provided, That the following persons shall be excluded herefrom: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24077, Aug 31, 2012; Presidential Decree No. 26070, Feb. 3, 2015 >
1. Any worker whose employment contract is for less than one year: Provided, That workers whose employment contract exceeds one year in total as a consequence of consecutive renewal of the employment contract, shall be deemed full - time employees;
 2. Part - time workers defined in Article 2 (1) 8 of the Labor Standards Act: Provided, That workers who work at least 60 hours for one month, shall be deemed full - time employees;
 3. Executive officers specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act;
 4. The largest stockholder or largest investor (referring to the representative in cases of a sole proprietor) of the relevant enterprise and his/her spouse;
 5. Lineal ascendants and descendants (including their spouses) of the persons referred to in subparagraph 4, and relatives defined in Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes, of such persons;

6. Persons regarding whom it is not confirmed whether income tax on earned income has ever been withheld by earned income withholding register under Article 196 of the Enforcement Decree of the Income Tax Act, and whether they have ever paid either of the following:

(a) Charges and contributions under Article 3 (1) 11 and 12 of the National Pension Act;

(b) Premiums of employer - provided policy - holders under Article 69 of the National Health Insurance Act.

(11) For the purposes of paragraphs (7) and (8), the number of full - time employees shall be calculated by the formula provided for in subparagraph 1. In such cases, one worker provided for in the proviso to paragraph (10) 2 shall be calculated as 0.5 person; where all of the requirements for support provided for in the items of subparagraph 2 are met, one worker shall be calculated as 0.75 person:<Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Formula: Number of full - time employees = Sum of the number of full - time employees as at the end of each month in the relevant taxable year ÷ the number of months in the relevant taxable year

2. Requirements for support:

(a) The number of full - time employees in the relevant taxable year (excluding the workers provided for in the proviso to paragraph (10) 2) shall not be decreased as compared with that in the immediately preceding taxable year (excluding the workers provided for in the proviso to paragraph (10) 2);

(b) They shall have entered into an indefinite employment contract;

(c) They shall not be given discriminatory treatment defined in subparagraph 3 of Article 2 of the Act on the Protection, etc. of Fixed - Term and Part - Time Workers, in their hourly wages (including wages defined in Article 2 (1) 5 of the Labor Standards Act, regularly paid bonuses, such as regular bonuses and holiday bonuses, and performance - based incentives) and other matters concerning the terms and conditions of employment, welfare, etc.;

(d) The hourly wage shall be at least 130/100 (or 120/100, in cases of a small or medium enterprise) of the minimum wage prescribed under Article 5 of the Minimum Wage Act.

(12) The fraction of less than 1/100 of the number of full - time employees calculated under paragraph (11), shall be deemed nil.<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

(13) For the purposes of paragraphs (7) and (8), if a national starts a business, etc. in the relevant taxable year, the number according to the following classification shall be deemed the number of full - time employees in the immediately preceding taxable year or relevant taxable year:<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. Number of full - time employees in the immediately preceding taxable year where the national starts a business (excluding cases falling under Article 6 (6) 1 through 3 of the Act): 0;
2. Number of full - time employees in the immediately preceding taxable year in any case falling under Article 6 (6) 1 (excluding succession to a previous business through a merger, split - off, investment in kind, or acquisition of business) through 3 of the Act: Number of full - time employees in the immediately preceding taxable year of the previous business, business before conversion into a corporation, or business before closure of business;
3. Number of full - time employees in the immediately preceding taxable year or relevant taxable year in either of the following cases: In cases of an enterprise that has transferred the business, the number calculated by deducting the number of full - time employees transferred by succession from the number of full - time employees in the immediately preceding taxable year; and in cases of an enterprise that has acquired the business, the number calculated by adding the number of full - time employees by succession to the number of full - time employees of an enterprise succeeded in the immediately preceding taxable year; and the number of full - time employees in the relevant taxable year shall be the number of full - time employees calculated by deeming the full - time employees have been transferred or acquired by succession on the date the relevant taxable year commences:
 - (a) Where such enterprise takes over full - time employees engaging in the previous business division by a merger, a split - off, an investment in kind, a transfer of business, or any similar event in the relevant taxable year;

(b) Where such enterprise takes over full - time employees from any related party referred to in Article 11 (1).

(14) For the purposes of paragraphs (1) and (2), the commencement date of an investment shall be any of the following applicable dates:<Amended by Presidential Decree No. 21064, Oct. 7, 2008; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

1. The date a person placing an order sends the first order sheet when placing orders under a domestic or international manufacturing contract;
2. The date a down payment or a part of prices is paid (the date facilities are actually taken over, if such facilities have been taken over before a down payment or a part of prices is paid) where the purchases are made not by the order referred to in subparagraph 1, but under a sales and purchase agreement;
3. The date an import license is obtained where a license is to be obtained to import the relevant facilities, notwithstanding subparagraphs 1 and 2;
4. The date construction or manufacturing is actually started where he/she directly engages in construction or manufacturing. In such cases, those for the validity of business and preliminary preparation thereof shall not imply the time such construction or manufacturing is started;
5. The date construction is actually started where construction is entrusted to any third person. In such cases, those for the validity of business and preliminary preparation thereof shall not imply the time when such construction is started.

(15) Any person who intends to be granted a tax credit under Article 26 (1) of the Act, shall file an application for tax credits and a statement of calculation of tax credits in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23590, Feb. 2, 2012>

(16) Any person who intends to be granted a tax credit under Article 26 (2) of the Act, shall submit an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment, when making an interim tax prepayment.<Newly Inserted by Presidential Decree No. 17336, Aug. 14, 2001; Presidential Decree No. 20720, Feb. 29,

2008; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 27848, Feb. 7, 2017 >

(17) Any person who intends to file a return of an interim tax prepayment under Article 26 (3) of the Act, shall submit an application for tax credits and a return of the interim tax pre - payment in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment. <Newly Inserted by Presidential Decree No. 17336, Aug. 14, 2001; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 27848, Feb. 7, 2017 >

(18) Paragraphs (2) through (17) shall also apply mutatis mutandis to investments made under paragraph (1) in the Gaeseong industrial district defined in subparagraph 1 of Article 2 of the Act on the Support of Gaeseong Industrial District. <Newly Inserted by Presidential Decree No. 20743, Mar. 10, 2008; Presidential Decree No. 21545, Jan. 19, 2009; Presidential Decree No. 26070, Feb. 3, 2015 >

Article 24 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 24 - 2 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 24 - 3 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 25 (Special Taxation for Including Depreciation Cost of Service Businesses in Deductible Expenses)(1) “ Service businesses prescribed by Presidential Decree ” in Article 28 (1) of the Act, means the service businesses specified in Article 23 (4).

(2) “ Fixed assets prescribed by Presidential Decree ” in Article 28 (1) of the Act, means the assets specified in Article 28 (6) of the Enforcement Decree of the Corporate Tax Act and the subparagraphs of Article 63 (5) of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as "assets invested in plant and equipment").

(3) “ Amount calculated by the formula prescribed by Presidential Decree ” in Article 28 (1) of the Act, means an amount (hereafter in this Article, referred to as “ allowable limit for depreciation ”) calculated by the method described in Article 26 (1) of the Enforcement Decree of the Corporate Tax Act or Article 64 (1) of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as

“ depreciation method ”) based on the reported service life under paragraph (4), notwithstanding the main sentence of Article 28 (1) 2 of the Enforcement Decree of the Corporate Tax Act and Article 63 (1) 2 of the Enforcement Decree of the Income Tax Act. In such cases, the depreciation method shall be based on the method reported by the relevant national in accordance with Article 26 (3) of the Enforcement Decree of the Corporate Tax Act or Article 64 (2) of the Enforcement Decree of the Income Tax Act; and Article 26 (2) and (4) through (9) of the Enforcement Decree of the Corporate Tax Act and the latter part of Article 62 (1), Articles 64 (3) and (4), 66, and 71 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the methods for applying the depreciation methods and calculating a specific allowable limit for depreciation.

(4) The service life applicable to calculating the allowable limit for depreciation shall be the number of useful years (hereafter in this Article, referred to as “ reported service life ”) that the relevant national chooses within the range (a fraction of less than one year shall be deemed nil) determined by adding or subtracting 40/100 of the number of the standard service life specified in Article 26 - 3 (2) 1 of the Enforcement Decree of the Corporate Tax Act or Article 63 (1) 2 of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as “ standard service life ”) to or from the standard service life and reports to the head of the tax office having jurisdiction over the place of tax payment. If the business year of a corporation is less than one year in such cases, Article 28 (2) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to the calculation of the service life.

(5) A national shall continue to apply the reported service life which has been applied to each type of asset invested in plant and equipment and each type of business under paragraph (4), to subsequent taxable years.

(6) Article 23 (2) of the Corporate Tax Act shall not apply to the assets invested in plant and equipment eligible under Article 28 (1) of the Act; and Article 29 - 2 (2) 1 of the Enforcement Decree of the Corporate Tax Act shall apply only where the merging corporation, the corporation newly established as a consequence of a split - off, or the other corporation subject to a merger by division, or the acquiring corporation, engages in any of the businesses referred to in paragraph (1), and uses such assets for the relevant business, if the corporation acquires such assets through

a qualified merger, a qualified split - off, or an all - inclusive transfer of assets.

(7) Where a national changes the depreciation method pursuant to Article 27 of the Enforcement Decree of the Corporate Tax Act or Article 65 of the Enforcement Decree of the Income Tax Act, the national shall calculate the allowable limit for depreciation for assets invested in plant and equipment by applying the changed depreciation method. In such cases, Article 27 (5) and (6) of the Enforcement Decree of the Corporate Tax Act and Articles 64 (5) and 65 (5) of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the method for calculating the allowable limit for depreciation.

(8) Articles 30 through 32 of the Enforcement Decree of the Corporate Tax Act and Articles 62 (5) through (8), 67, 68, and 73 of the Enforcement Decree of the Income Tax Act, shall apply mutatis mutandis for the purposes of Article 28 (1) of the Act.

(9) A person who intends to be accorded special taxation under Article 28 (1) of the Act, shall separate assets invested in plant and equipment from other assets; prepare and keep statements of adjustment of depreciation cost in the form prescribed by Ordinance of the Ministry of Strategy and Finance; submit a sum table of statements of adjustment of depreciation cost and statements of adjustment of depreciation cost in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with a tax return; and file an application for special taxation for service life in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, by the deadline for filing a tax return for the taxable year in which the person acquires such assets invested in plant and equipment (including filing through the national tax information communications network under subparagraph 19 of Article 2 of the Framework Act on National Taxes (hereinafter referred to as the “ Home Tax Service Network ”)).

(10) Except as otherwise expressly provided for in paragraphs (1) through (9), matters necessary for calculating the depreciation cost of assets invested in plant and equipment, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 25 - 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) "Middle - standing enterprise prescribed by Presidential Decree" in Article 28 - 2 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1) (hereafter in this Article, referred to as "middle - standing enterprise").

(2) "Fixed assets prescribed by Presidential Decree" in Article 28 - 2 (1) of the Act, means the assets specified under Article 28 (6) of the Enforcement Decree of the Corporate Tax Act or Article 63 (5) of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as "assets invested in plant and equipment").

(3) "Amount calculated, as prescribed by Presidential Decree" in Article 28 - 2 (1) of the Act, means an amount (hereafter in this Article, referred to as "allowable limit for depreciation") calculated by the method prescribed in Article 26 (1) of the Enforcement Decree of the Corporate Tax Act or Article 64 (1) of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as "depreciation method") by applying the reported service life under paragraph (4), notwithstanding the main sentence of Article 28 (1) 2 of the Enforcement Decree of the Corporate Tax Act or Article 63 (1) 2 of the Enforcement Decree of the Income Tax Act. In such cases, Article 26 (2) through (9) of the Enforcement Decree of the Corporate Tax Act and the latter part of Article 62 (1), Articles 64 (2) through (4), 66, and 71 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the methods for applying the depreciation method and calculating a specific allowable limit for depreciation.

(4) The service life applicable to calculating the allowable limit for depreciation shall be the service life that a small or medium enterprise or a middle - standing enterprise chooses within a range (a period of less than one year shall be deemed nil) determined by adding or subtracting 50/100 of the standard service life to/from the standard service life under Article 26 - 3 (2) 1 of the Enforcement Decree of the Corporate Tax Act or Article 63 (1) 2 of the Enforcement Decree of the Income Tax Act (hereafter in this Article, referred to as "standard service life") and reports to the head of the tax office having jurisdiction over the place of tax payment. If the business year of a corporation is less than one year in such cases, the service life

shall be calculated by applying mutatis mutandis Article 28 (2) of the Enforcement Decree of the Corporate Tax Act.

(5) The service life that a small or medium enterprise or a middle - standing enterprise applies to assets invested in plant and equipment for each asset and for each type of business in accordance with paragraph (4), shall be continuously applied to subsequent taxable years.

(6) Article 23 (2) of the Corporate Tax Act shall not apply to assets invested in plant and equipment subject to Article 28 - 2 (1) of the Act; and Article 29 - 2 (2) 1 of the Enforcement Decree of the Corporate Tax Act shall apply to such assets invested in plant and equipment, if they acquired through a qualified merger, a qualified division, or an all - inclusive transfer of assets.

(7) Where a small or medium enterprise or a middle - standing enterprise changes the depreciation method in accordance with Article 27 of the Enforcement Decree of the Corporate Tax Act or Article 65 of the Enforcement Decree of the Income Tax Act, it shall calculate the allowable limit for depreciation for assets invested in plant and equipment by the changed depreciation method. In such cases, Article 27 (5) and (6) of the Enforcement Decree of the Corporate Tax Act and Articles 64 (5) and 65 (5) of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the methods for calculating the allowable limit for depreciation.

(8) Articles 30 through 32 of the Enforcement Decree of the Corporate Tax Act and Articles 62 (5) through (8), 67, 68, and 73 of the Enforcement Decree of the Income Tax Act, shall apply mutatis mutandis for the purposes of Article 28 - 2 (1) of the Act.

(9) A person who wishes to be eligible under Article 28 - 2 (1) of the Act, shall prepare and keep a statement of adjustment of depreciation costs separately for assets invested in plant and equipment from other assets in the form prescribed by Ordinance of the Ministry of Strategy and Finance; file (including filing through the Home Tax Service Network; hereafter in this paragraph, the same shall apply) an aggregate table of statements of adjustment of depreciation costs in the form prescribed by Ordinance of the Ministry of Strategy and Finance and statements of adjustment of depreciation costs in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return; and file an application for special

taxation on the service life in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, by the deadline for filing the tax return for the taxable year in which the person acquires the relevant assets invested in plant and equipment.

(10) Except as otherwise expressly provided for in paragraphs (1) through (9), matters necessary for calculating the depreciation costs of assets invested in plant and equipment, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 26 (Scope of Social Infrastructure Bonds, etc.)(1) "Social infrastructure bonds prescribed by Presidential Decree" in Article 29 of the Act means the infrastructure bonds under Article 58 (1) of the Act on Private Participation in Infrastructure.
<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 18736, Mar. 8, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(2) Deleted.<by Presidential Decree No. 22037, Feb. 18, 2010>

SECTION 4 - 2 Special Taxation for Employment Support

Article 26 - 2 (Tax Credits for Small or Medium Enterprises Having Reinstated Graduates of High Schools, etc. Aligned to Industry Demand, after Performing their Military Service)(1) "Person prescribed by Presidential Decree" in Article 29 - 2 (1) of the Act, means a person who has signed an employment contract before the lapse of two years since the person graduated from a high school, etc. aligned to industry demand; "military service prescribed by Presidential Decree" means any military service specified under Article 27 (1) 1; and "labor cost prescribed by Presidential Decree" means expenses paid as consideration for service provided, which constitute the labor cost, excluding the amount of the retirement income defined under Article 22 of the Income Tax Act and the allowances for severance benefits defined under Article 29 of the Income Tax Act and Article 33 of the Corporate Tax Act.
<Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(2) A person who intends to be granted a tax credit under Article 29 - 2 (1) of the Act, shall submit an application for the tax credit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return.

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 26 - 3 (Tax Credits for Small and Medium Enterprises Re - Employing Career - Interrupted Women)(1) “ Wages prescribed by Presidential Decree ” in the main sentence of Article 29 - 3 (1) of the Act means expenses paid as consideration for service provided, which correspond to the labor cost, excluding the amount of retirement income defined under Article 22 of the Income Tax Act and the allowances for severance benefits defined under Article 29 of the Income Tax Act and Article 33 of the Corporate Tax Act.

(2) Where it is verified that a small or medium enterprise withheld income tax on the earned income of a career - interrupted woman pursuant to Article 29 - 3 (1) 1 of the Act shall be limited to where it is verified that the income tax on the earned income of the career - interrupted woman was withheld by the book for tax withholding for wage and salary income defined under Article 196 (1) of the Enforcement Decree of the Income Tax Act.

(3) “ Pregnancy, childbirth, or child - care, as prescribed by Presidential Decree ” in Article 29 - 3 (1) 2 of the Act means any of the following cases:< Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

1. Where a woman becomes pregnant or has an infertility surgery specified by Ordinance of the Ministry of Strategy and Finance, within two years from the date of her resignation (limited to where the fact the woman has had the infertility surgery is confirmed by a medical report or certificate issued by a medical institution);
2. Where a woman is pregnant as at the time of her resignation (limited to where her pregnancy is confirmed by a medical report or certificate issued by a medical institution);
3. Where a woman has a lineal descendent aged 8 years or less or enrolled in the second grade of elementary school as at the time of her resignation.

(4) “ Related person of the largest stockholder or the largest investor, as prescribed by Presidential Decree ” in Article 29 - 3 (1) 4 of the Act means a person who has a relationship of relatives defined under Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes.

(5) A person who intends to obtain a tax credit under Article 29 - 3 of the Act shall file an application for tax credit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 26 - 4 (Tax Credits for Enterprises Increasing Earned Income)(1) “ Middle - standing enterprise prescribed by Presidential Decree ” in Article 29 - 4 (1) and (3) of the Act, means a middle - standing enterprise provided for in Article 10 (1).

<Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

(2) “ Full - time employees prescribed by Presidential Decree ” in Article 29 - 4 (1) 1 of the Act, means workers who have signed an employment contract pursuant to the Labor Standards Act (excluding the following persons; hereafter in this Article, referred to as “ full - time employees ”):

1. Executive officers specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act;
2. Workers whose earned income referred to in Article 20 (1) 1 and 2 of the Income Tax Act amounts to at least 120 million won;
3. The largest stockholder or the largest investor (referring to the representative in cases of a sole proprietor) of the relevant enterprise, as prescribed by Ordinance of the Ministry of Strategy and Finance, and a worker who is a relative of such stockholder or investor, as defined in Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes;
4. Workers in whose cases it is not confirmed, by the book for tax withholding for wage and salary income defined under Article 196 of the Enforcement Decree of the Income Tax Act, that income tax on earned income has been withheld;
5. Workers whose employment contract is for less than one year (excluding workers whose employment contract exceeds one year in total as a consequence of consecutive renewal of the employment contract);

6. Part - time workers defined in Article 2 (1) 8 of the Labor Standards Act.

(3) For the purposes of Article 29 - 4 (1) through (6) of the Act, the number of full - time employees shall be calculated by the following formula. In such cases, a fraction of less than 1/100 shall be deemed nil: <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017> Aggregate of the number of full - time employees as at the end of each month in the relevant taxable year ÷ Number of months in the relevant taxable year

(4) For the purposes of Article 29 - 4 (1) through (6) of the Act, “ wages ” means the aggregate of the incomes referred to in Article 20 (1) 1 and 2 of the Income Tax Act.<Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

(5) For the purposes of Article 29 - 4 (1), (2), (5), and (6) of the Act, the average wages shall be calculated by the following formula. In such cases, a fraction of less than 1,000 won shall be deemed nil: <Amended by Presidential Decree No. 27848, Feb. 7, 2017> Total wages of full - time employees in the relevant taxable year ÷ Number of full - time employees in the relevant taxable year calculated under paragraph (3)

(6) For the purposes of Article 29 - 4 (1), (2), and (5) of the Act, the increase rate of average wages shall be calculated by the following formula, but a fraction of less than 1/10,000 shall be deemed nil:<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(Average wages in the relevant taxable year - Average wages in the immediately preceding taxable year) ÷ Average wages in the immediately preceding taxable year

(7) For the purposes of Article 29 - 4 (1) and (2) of the Act, the mean increase rate of average wages for the immediately preceding three taxable years (hereafter in this Article, referred to as “ mean increase rate of average wages for the immediately preceding three years ”), shall be calculated by the following formula, but a fraction of less than 1/10,000 shall be deemed nil. If the increase rate of average wages for the immediately preceding two taxable years or for the immediately preceding three taxable years is negative, the rate shall be deemed zero for the purposes of calculation:

(Increase rate of average wages in the immediately preceding taxable year + Increase rate of average wages in the immediately preceding two taxable years +

Increase rate of average wages in the immediately preceding three taxable years) ÷
3

(8) Notwithstanding paragraphs (5) through (7), if the increase rate of average wages for the immediately preceding taxable year is negative or less than 30/100 of the mean increase rate of average wages for the immediately preceding three years (only where the average is positive), the average wages, the increase rate of average wages, the mean increase rate of average wages for the immediately preceding three years, and an increase of wages in excess of the average wages for the immediately preceding three years under Article 29 - 4 (2) of the Act, shall be calculated by the formula prescribed by Ordinance of the Ministry of Strategy and Finance, respectively.

(9) If there is a full - time employee whose working period in the relevant taxable year is less than one year for the purposes of calculating the amount of earned income referred to in paragraph (2) 2 or the average wages referred to in paragraph (5), the amount calculated by dividing the amount of his/her earned income or wages by the number of months for which he/she has worked in the relevant taxable year, and then multiplying the amount by 12, shall be deemed the amount of earned income or wages of the full - time employee.

(10) If a worker resigns or falls under any subparagraph of paragraph (2) during the five - year period before the end of the taxable year for which his/her employer intends to be granted a tax credit under Article 29 - 4 (1) and (5) of the Act, the worker must be disregarded for the purposes of calculating the number of full - time employees under paragraph (3) and the average wages under paragraph (5); and if a worker was employed during the five - year period before the end of the taxable year for which his/her employer intends to be granted a tax credit, the worker must be disregarded for the purposes of calculating the increase rate of average wages for the taxable year in which the worker was newly employed, as referred to in paragraph (6). <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

(11) Where full - time employees who have worked in a previous business division, are transferred to the merging corporation, the corporation newly established as a consequence of a merger, the invested corporation, etc. (hereafter in this Article, referred to as “ merging corporation, etc. ”) due to a merger, a split - off, an

investment in kind, a transfer of business, or any similar event, the full-time employees shall be deemed to have worked for the merging corporation, etc.

(12) Article 29 - 4 (1) and (5) of the Act shall not apply where impracticable to calculate the mean increase rate of average wages for the immediately preceding three years under paragraph (7) or (8) due to such event as a startup or suspension of business. <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

(13) “ Employees whose status has been changed to regular employees and meet the requirements prescribed by Presidential Decree ” in Article 29 - 4 (3) of the Act, means workers who have entered into an employment contract under the Labor Standards Act and meet all the following requirements (hereafter in this Article, referred to as “ employees changed to regular employees ”): <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

1. The employees have continuously provided service from the commencement date of the immediately preceding taxable year to the end of the relevant taxable year; and it is confirmed, by the book for tax withholding for wage and salary income defined under Article 196 of the Enforcement Decree of the Income Tax Act, that income tax on their earned income for each month has been withheld;
2. The status of irregular employees (referring to fixed-term workers and part-time workers defined under the Act on the Protection, etc. of Fixed-Term and Part-Time Workers; hereafter in this subparagraph, the same shall apply) has been changed to regular employees during the relevant taxable year;
3. The employees shall not fall under paragraph (2) 1 through 3 during the relevant taxable year.

(14) For the purposes of Article 29 - 4 (3) of the Act, the aggregate of increased wages of employees changed to regular employees shall be calculated by subtracting the total wages of employees changed to regular employees in the immediately preceding taxable year from the total wages of such workers in the relevant taxable year. In such cases, if the immediately preceding taxable year or the relevant taxable year is less than one year in length, such aggregate shall be calculated by dividing the aggregate of wages by the number of months in the taxable year (if the number of days less than a month shall be deemed one month) and then multiplying the amount by 12. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(15) The amount of tax payable under Article 29 - 4 (4) of the Act, shall be the aggregate of the following amounts: <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016>

1. The amount of tax calculated by the following formula: Tax credits granted under Article 29 - 4 (3) of the Act × (Number of employees who have terminated employment relationship, among employees changed to regular employees during the taxable year for which the tax credits are granted ÷ Number of employees changed to regular employees during the taxable year for which the tax credits are granted)
2. The amount of tax calculated by multiplying the amount of tax calculated under subparagraph 1 by the period of item (a) and the ratio of item (b):
 - (a) The period from the day following the end of the tax - credit granted taxable year, until the end of the taxable year in which a ground for payment of tax arises;
 - (b) 3/10,000 per day.

(16) "Rate prescribed by Presidential Decree, based upon the increase rate of wages of all small or medium enterprises" in Article 29 - 4 (5) 1 and (6) of the Act, means the rate specified by Ordinance of the Ministry of Strategy and Finance, based upon the increase rate of average wages of all small or medium enterprises for the immediately preceding three years, respectively. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(17) A person who intends to be granted a tax credit under Article 29 - 4 (1), (3), or (5) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 26 - 5 (Tax Credits for Enterprises Increasing Jobs for Youths) (1) "Types of business prescribed by Presidential Decree, such as consumer service business" in Article 29 - 5 (1) of the Act, means any consumer service business provided for in Article 29 (3).

(2) "Regular employees prescribed by Presidential Decree" in Article 29 - 5 (1) of the Act, means national employees hired under an employment contract entered into under the Labor Standards Act (hereafter in this Article, referred to as "all regular employees"), except the following:

1. Fixed - term workers and part - time workers defined under the Act on the Protection, etc. of Fixed - Term and Part - Time Workers;
2. Temporary agency workers defined under the Act on the Protection, etc. of Temporary Agency Workers;
3. Workers specified in Article 23 (10) 3 through 6;
4. Juveniles defined in subparagraph 1 of Article 2 of the Juvenile Protection Act, who work in any business establishment specified under subparagraph 5 of Article 2 of the same Act.

(3) "Regular youth employees prescribed by Presidential Decree" in Article 29 - 5 (1) of the Act, means regular employees provided for in paragraph (2), between the ages of 15 and 29 (hereafter in this Article, referred to as "regular youth employees"): Provided, That, if the age of an employee who has performed any military service specified under Article 27 (1) 1, does not exceed 29 years, when the period of such military service (which shall not exceed six years) is subtracted from his current age, the employee shall be deemed a regular youth employee.

(4) "Full - time employees prescribed by Presidential Decree" in Article 29 - 5 (1) of the Act, means full - time employees defined in Article 23 (10) (hereafter in this Article referred to as "full - time employees").

(5) "Middle - standing enterprise prescribed by Presidential Decree" in Article 29 - 5 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1) (hereafter in this Article, referred to as "middle - standing enterprise").

(6) The amount of income tax or corporate tax payable under Article 29 - 5 (2) of the Act, shall the amount of subparagraph 1 (which shall not exceed the aggregate of tax credits granted under Article 29 - 5 (1) of the Act for up to two years immediately preceding the relevant taxable year) minus the amount of subparagraph 2 (if the amount calculated is negative, it shall be deemed zero), and shall be paid as income tax or corporate tax, at the time of filing the tax return for the relevant taxable year: <Amended by Presidential Decree No. 28009, May 8, 2017>

1. The amount calculated by multiplying the greatest number, of the decreased number of regular youth employees, the decreased number of all regular employees, and the decreased number of full - time employees between the taxable year for which a tax credit was granted under Article 29 - 5 (1) of the Act (it shall be the most recent taxable year for which a tax credit was granted, if the person was granted tax credits for at least two consecutive taxable years; hereafter in this Article, referred to as "tax credit - granted taxable year"), and the relevant taxable year by three million won (or ten million won in cases of a small or medium enterprise; or seven million won in cases of a middle - standing enterprise in the tax credit - granted taxable year);
 2. The amount calculated by multiplying the greatest number, of the decreased number of regular youth employees, the decreased number of all regular employees, and the decreased number of full - time employees between the tax credit - granted taxable year and the immediately preceding taxable year by three million won (or ten million won in cases of a small or medium enterprise; or seven million won in cases of a middle - standing enterprise in the tax credit - granted taxable year) (the amount calculated shall be deemed zero, if the tax credit - granted taxable year is the immediately preceding taxable year).
- (7) For the purposes of paragraph (6), a person aged 29 years or under at the end of the tax credit - granted taxable year (including persons specified in the proviso to paragraph (3)), shall be deemed a person aged 29 years or under, even for the following taxable year.
- (8) For the purposes of Article 29 - 5 (1) and (2) of the Act, the number of regular youth employees, the number of all regular employees, or the number of full - time employees, shall be calculated by the following applicable formulas (a fraction of less than 1/100 shall be deemed nil):
1. The number of regular youth employees: Aggregate of the number of regular youth employees as at the end of each month in the relevant taxable year ÷ Number of months in the relevant taxable year
 2. The number of all regular employees: Aggregate of the number of all regular employees as at the end of each month in the relevant taxable year ÷ Number of months in the relevant taxable year

3. The number of full - time employees: Aggregate of the number of full - time employees as at the end of each month in the relevant taxable year ÷ Number of months in the relevant taxable year

(9) The latter part and subparagraph 2 of Article 23 (11) shall apply mutatis mutandis to calculating the number of full - time employees under paragraph (8) 3.

(10) For the purposes of paragraph (8), Article 23 (13) shall apply mutatis mutandis to any national who commences a business during the relevant taxable year. In such cases, "the number of full - time employees" shall be construed as "the number of regular youth employees, the number of all regular employees, or the number of full - time employees," and "full - time employees" as "regular youth employees, all regular employees, or full - time employees," respectively.

(11) A person who intends to be granted a tax credit under Article 29 - 5 (1) of the Act, shall file an application for tax credits and a statement of calculation of tax credits, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 26 - 6 (Income Tax Reductions or Exemptions, etc. on Payments Received from Performance Compensation Fund for Core Personnel of Small and Medium Enterprises)

(1) "Persons prescribed by Presidential Decree" in Article 29 - 6 (1) of the Act means the following persons:

1. The largest stockholder or the largest investor (referring to the representative, in cases of a sole proprietor) of the relevant enterprise and his/her spouse;
2. Lineal ascendants and descendants (including their spouses) of any of the persons specified in subparagraph 1 or persons who have a relationship of relatives specified in Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes with any of the persons specified in subparagraph 1.

(2) The tax amount reduced under Article 29 - 6 (1) of the Act shall be calculated by the following formula: Amount of global income tax calculated under Article 137 (1) 2 of the Income Tax Act × (Amount of earned income under Article 20 (2) of the Income Tax Act ÷ Amount of global income under Article 14 (2) of the Income Tax Act) × (Contributions made under Article 29 - 6 (1) of the Act ÷ Total wages of the

relevant worker) × 50%

(3) A worker who intends to apply for a tax reduction under Article 29 - 6 (1) of the Act shall file an application for tax reduction, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant withholding agent by no later than the end of the month immediately following the month in which he/she receives a mutual aid payment under Article 29 - 6 (1) of the Act.

(4) If a worker is granted a tax reduction under Article 29 - 6 (1) of the Act, the relevant withholding agent shall submit a statement of the person eligible for tax reduction, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment by no later than the tenth day of the month immediately following the month in which the application for tax reduction was filed.

[\[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016\]](#)

Article 27 (Income Tax Reduction or Exemption for Employees of Small or Medium

Enterprises)(1) "Youth prescribed by Presidential Decree, a person aged at least 60 years, a person with a disability, or a career - interrupted woman" in the former part of Article 30 (1) of the Act, means the following: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26659, Nov. 20, 2015; Presidential Decree No. 27617, Nov. 29, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. Youths: Persons between the ages of 15 and 29 as on the date an employment contract is entered into: Provided, That, where a person has performed any military service described below, and his/her age calculated by subtracting the period of such military service (which shall not exceed six years) from the age as on the date an employment contract is entered into, does not exceed 29 years, the person shall be deemed a youth:

- (a) Active duty servicemen enlisted under Article 16 or 20 of the Military Service Act (including full - time reservists, auxiliary policemen, and auxiliary fire - fighting personnel who served under Articles 21 and 25 of the same Act);
- (b) Pubic duty personnel prescribed under Articles 26 (1) of the Military Service Act;

- (c) Officers, warrant officers, and noncommissioned officers in active service referred to in subparagraph 1 of Article 2 of the Military Personnel Management Act;
2. Persons aged at least 60: Persons aged at least 60 as on the date their employment contracts are entered into;
 3. Persons with disabilities: Persons with disabilities eligible under the Act on Welfare of Persons with Disabilities, and wounded persons under the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State;
 4. Career - interrupted women: Career - interrupted women provided for in Article 29 - 3 (1) of the Act.
- (2) The following persons shall be disregarded for the purposes of paragraph (1):
- <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24077, Aug 31, 2012; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>
1. Executive officers specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act;
 2. The largest stockholder or the largest investor (referring to the representative in cases of a sole proprietor) of the relevant enterprise and his/her spouse;
 3. Lineal ascendants and descendants (including their spouses) of the persons referred to in subparagraph 2, and relatives defined in Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes, of such persons;
 4. Daily employed workers defined in Article 14 (3) 2 of the Income Tax Act;
 5. Persons regarding whom it is not confirmed whether they have ever paid either of the following: Provided, That excluded herefrom are the persons who are not eligible to be insured under the National Pension Scheme under the proviso to Article 6 of the National Pension Act and the persons who are not eligible for the coverage of the National Health Insurance under the proviso to Article 5 (1) of the National Health Insurance Act:
 - (a) Charges and contributions under Article 3 (1) 11 and 12 of the National Pension Act;
 - (b) Premiums of employer - provided policy - holders under Article 69 of the National Health Insurance Act.

(3) "Enterprise prescribed by Presidential Decree" in the former part of Article 30 (1) of the Act, means any enterprise mainly engaging in agriculture; forestry; fishery; mining; manufacturing; electricity, gas, steam, and water supply; sewage, waste treatment, material recovery, and remediation activities; construction; wholesale and retail trade; transportation, accommodation and food service activities (excluding drinking places and non - alcoholic beverages places); publishing, video, broadcasting, and information and communications (excluding video exhibition rooms); real estate activities and renting and leasing; research and development; advertising; market research and public opinion polling; architectural, engineering, and other scientific technical services; other professional, scientific, and technical services; business facilities management and business support services; technical and trade schools; social work activities; and maintenance and repair services: Provided, That excluded herefrom are the State, local governments (including association of local governments), public institutions under the Act on the Management of Public Institutions, and local public enterprises under the Local Public Enterprises Act. <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015 >

(4) " Military service prescribed by Presidential Decree " in the former part of Article 30 (1) of the Act, means any military service prescribed under paragraph (1) 1. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(5) A worker who intends to apply for a reduction of income tax under Article 30 (2) of the Act, shall file an application for tax reduction, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the withholding agent, along with a document, etc. evidencing the period of military service, by no later than the end of the month immediately following the month in which the date of employment falls. In such cases, the withholding agent may withhold income tax on earned income for each month by applying the reduction or exemption rate specified in Article 30 (1) of the Act, notwithstanding Article 134 (1) of the Income Tax Act. <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26959, Feb. 5, 2016 >

(6) A withholding agent shall also submit a statement of the persons eligible for tax reduction, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, when submitting a list of employees who have applied for tax reduction under Article 30 (3) of the Act to the head of the tax office having jurisdiction over

the withholding. <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(7) A withholding agent shall submit a statement of resignees ineligible for tax reduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance, when notifying the head of the tax office having jurisdiction over the withholding of the fact that an employee has resigned under the proviso to Article 30 (5) of the Act. <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(8) If a person has earned income paid by a small or medium enterprise under Article 30 (1) of the Act (hereafter in this Article, referred to as "tax - exempted or reduced income") and other global income, the amount of tax to be exempted or reduced for the relevant taxable period shall be calculated by the following formula, subject to a ceiling of 1,500,000 won for each taxable year: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>
$$\text{Amount of global income tax calculated under Article 137 (1) 2 of the Income Tax Act (hereafter in this Article, referred to as "amount of tax calculated")} \times (\text{Amount of earned income referred to in Article 20 (2) of the Income Tax Act} \div \text{Amount of global income referred to in Article 14 (2) of the Income Tax Act}) \times (\text{Total wages received from a small or medium enterprise under Article 30 (1) of the Act} \div \text{Total wages of the relevant worker}) \times \text{the reduction or exemption rate specified in Article 30 (1) of the Act}$$

(9) For the purpose of granting a tax credit on earned income under Article 59 (1) of the Income Tax Act, if a person has tax - exempted or reduced income and other earned income (including where a person has no earned income in addition to tax - exempted or reduced income), the amount calculated by the following formula shall be determined as the amount of a tax credit on earned income: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>
$$\text{Amount of a tax credit on earned income calculated under Article 59 (1) of the Income Tax Act} \times (1 - \text{Amount of tax reduced or exempted} \div \text{Amount of tax calculated})$$

[This Article Wholly Amended by Presidential Decree No. 22085, Mar. 26, 2010]

Article 27 - 2 (Tax Credits for Change of Status to Regular Employees)(1) "Middle - standing enterprise prescribed by Presidential Decree" in Article 30 - 2 (1) of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 28009, May 8, 2017>

(2) "Equivalent to interest calculated as prescribed by Presidential Decree" in Article 30 - 2 (2) of the Act, means the amount calculated by multiplying the amount of the tax credit granted under Article 30 - 2 (1) of the Act by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from on the day following the end of the tax credit - granted taxable year, until the end of the taxable year in which a ground for payment arises;
2. 3/10,000 per day.

[This Article Newly Inserted by Presidential Decree No. 21064, Oct. 7, 2008]

Article 27 - 3 (Special Taxation for Small or Medium Enterprises, etc. Maintaining Employment)

(1) The hourly rate of a full - time employee in the immediately preceding taxable year or the relevant taxable year referred to in Article 30 - 3 (1) 1 and (2) 2 of the Act (excluding full - time employees who enter into an employment contract in the relevant taxable year; hereafter in this paragraph and paragraph (5), the same shall apply), shall be calculated by dividing the total wages referred to in subparagraph 1 by the total working hours referred to in subparagraph 2: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017>

1. Total wages: The aggregate of ordinary wages and the amount of fixed payments, such as regular bonuses, paid to full - time employees in the immediately preceding taxable year or the relevant taxable year;
2. Total working hours: Total working hours stipulated in the employment contracts of full - time employees in the immediately preceding taxable year or the relevant taxable year (or total actual working hours in cases of a part - time worker defined in Article 2 (1) 8 of the Labor Standards Act, who works for at least 60 hours for one month).

(2) "Rate prescribed by Presidential Decree" in Article 30 - 3 (1) 2 of the Act, means 0/100.

(3) A small or medium enterprise which intends to be accorded special taxation for maintaining employment pursuant to Article 30 - 3 of the Act, shall file an application for income deductions in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the documents verifying an agreement between the business operator and the employees' representative, with the head of

the tax office having jurisdiction over the place of tax payment, along with its tax return for income tax or corporate tax. <Amended by Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 25211, Feb. 21, 2014>

(4) For the purposes of Article 30 - 3 (1) through (3) of the Act, the full - time employees mean workers who enter into an employment contract under the Labor Standards Act: Provided, That the following persons shall be excluded herefrom: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24077, Aug 31, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. Any worker whose employment contract is for less than one year: Provided, That for the purposes of Article 30 - 3 (3) of the Act, a worker whose employment contract exceeds one year in total as a consequence of consecutive renewal of the employment contract, shall be deemed a full - time employee;
2. Executive officers specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act;
3. The largest stockholder or the largest investor (referring to the representative in cases of a sole proprietor) of the relevant enterprise and his/her spouse;
4. Lineal ascendants and descendants of the persons referred to in subparagraph 3 and their spouses;
5. Persons regarding whom it is not confirmed whether income tax on earned income has ever been withheld by earned income withholding register under Article 196 of the Enforcement Decree of the Income Tax Act, and whether they have ever paid either of the following:
 - (a) Charges and contributions under Article 3 (1) 11 and 12 of the National Pension Act;
 - (b) Premiums of employer - provided policy - holders under Article 69 of the National Health Insurance Act;
6. Part - time workers defined in Article 2 (1) 8 of the Labor Standards Act, who work for less than 60 hours for one month.

(5) For the purposes of Article 30 - 3 (1) 3 and (2) of the Act, the total annual wages per full - time employee of the immediately preceding or relevant taxable year, shall be calculated by dividing the total wages prescribed in subparagraph 1 by the number of full - time employees calculated by the formula prescribed in subparagraph 2: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>

1. Total wages: The aggregate of ordinary wages and the amount of fixed payments, such as regular bonuses, paid to full - time employees in the immediately preceding or relevant taxable year;

2. Number of full - time employees: Aggregate of the full - time employees as at the end of each month in the immediately preceding or relevant taxable year ÷ Number of months in the immediately preceding or relevant taxable year

(6) Where the number of full - time employees has reduced because the labor relationship is terminated due to a death, mandatory retirement, or other similar reasons in the immediately preceding or relevant taxable year, the reduced number of employees shall be disregarded for the purposes of calculating the number of full - time employees and the total annual wages per full - time employee under paragraph (5), deeming that they did not work from the immediately preceding taxable year.

[<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>](#)

(7) Where full - time employees who have worked in the previous business division are succeeded due to a merger, general acquisition of a business, or any similar event in the immediately preceding or relevant taxable year, the number of persons succeeded shall be included in the number of full - time employees and the total annual wages per full - time employee under paragraph (5), deeming that they have worked for the succeeding enterprise from the immediately preceding taxable year.

[<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>](#)

(8) Where the number of full - time employees has reduced due to a split - off, general transfer of a business, or any similar event in the immediately preceding or relevant taxable year, the reduced number of employees shall be disregarded for the purposes of calculating the number of full - time employees and the total annual wages per full - time employee under paragraph (5), deeming that they did not work for an enterprise, etc. which is split - off or generally transferred, from the immediately preceding taxable year. [<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>](#)

(9) The total working hours of all full - time employees for the relevant taxable year referred to in Article 30 - 3 (2) 2 of the Act, shall be deemed the total working hours for the relevant taxable year provided for in paragraph (1) 2. [<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>](#)

(10) The total annual wages referred to in Article 30 - 3 (3) of the Act means the aggregate of ordinary wages and the amount of fixed payments, such as regular bonuses. In such cases, the total annual wages of a full - time employee whose labor relationship is established or terminated during the immediately preceding or relevant taxable year, shall be calculated by the following applicable formula: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>

1. The total annual wages of a full - time employee whose labor relationship was established in the immediately preceding taxable year in the relevant taxable year, shall be calculated by the following formula: Aggregate of ordinary wages and the amount of fixed payments in the relevant taxable year × (Total number of working days in the immediately preceding taxable year ÷ Total number of working days in the relevant taxable year)
2. The total annual wages of a full - time employee whose labor relationship is terminated in the relevant taxable year in the immediately preceding taxable year, shall be calculated by the following formula: Aggregate of ordinary wages and the amount of fixed payments in the immediately preceding taxable year × (Total number of working days in the relevant taxable year ÷ Total number of working days in the immediately preceding taxable year)
3. The total annual wages of a full - time employee whose labor relationship is succeeded due to a merger, split - off, etc. of an enterprise during the immediately preceding or relevant taxable year, in the immediately preceding or relevant taxable year, shall be the aggregate of wages paid by the previous employer, notwithstanding subparagraphs 1 and 2.

[This Article Newly Inserted by Presidential Decree No. 21429, Apr. 21, 2009]

Article 27 - 4 (Scope, etc. of Full - Time Employees for Granting Tax Credits on Social Insurance Premiums for Increased Number of Employees in Small or Medium Enterprises)

(1) The full - time employees referred to in Article 30 - 4 (1) of the Act, shall be the Korean workers who enter into an employment contract under the Labor Standards Act: Provided, That the following persons shall be excluded herefrom:

1. Any worker whose employment contract is for less than one year: Provided, That a worker whose employment contract exceeds one year in total as a consequence of consecutive renewal of the employment contract, shall be deemed a full - time

employee;

2. Part - time workers defined in Article 2 (1) 8 of the Labor Standards Act: Provided, That workers who work for at least 60 hours for one month, shall be deemed full - time employees;
3. Executive officers specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act;
4. The largest stockholder or the largest investor (referring to the representative in cases of a sole proprietor) of the relevant enterprise and his/her spouse;
5. Lineal ascendants and descendants (including their spouses) of the persons referred to in subparagraph 4, and relatives defined in Article 1 - 2 (1) of the Enforcement Decree of the Framework Act on National Taxes, of such persons;
6. Persons regarding whom it is not confirmed whether income tax on earned income has ever been withheld by earned income withholding register under Article 196 of the Enforcement Decree of the Income Tax Act;
7. Workers regarding whom it is not confirmed whether the charges or premiums payable by their employers for the social insurance under Article 30 - 4 (2) of the Act have ever been paid.

(2) “ Youths and career - interrupted women hired as full - time employees ” in Article 30 - 4 (1) 1 of the Act (hereafter in this Article, referred to as "youths, etc."), means the following persons; and “ full - time employees, excluding youths, etc. ” in Article 30 - 4 (1) 2 of the Act, means full - time employees who are not full - time youth employees, etc.: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. Full - time youth employees: Full - time employees between the ages of 15 and 29 (if a person has performed any military service specified under Article 27 (1) 1, and his age calculated by subtracting the period of such military service (which shall not exceed six years) from his age as on the date an employment contract is entered into, does not exceed 29 years, the person shall be deemed a youth);
2. Career - interrupted women hired as full - time employees: Full - time employees who are career - interrupted women provided for in Article 29 - 3 (1) of the Act.

(3) "Number of employees prescribed by Presidential Decree" in Article 30 - 4 (1) 1 of the Act, means the increased number of full - time youth employees, etc. between the relevant taxable year and the immediately preceding taxable year (if the number is a negative, it shall be deemed zero): Provided, That its ceiling shall be the

increased number of full - time employees in the relevant taxable year compared to the immediately preceding taxable year. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(4) "Number of increased full - time employees prescribed by Presidential Decree" in Article 30 - 4 (1) 2 of the Act, means the increased number of full - time employees between the relevant taxable year and the immediately preceding taxable year (if the number is a negative, it shall be deemed zero) minus the number referred to in paragraph (3).

(5) "Small or medium enterprise engaging in any of the new - growth service businesses prescribed by Presidential Decree" in Article 30 - 4 (1) 2 of the Act, means a small or medium enterprise engaging mainly in any of the following business activities. If an enterprise engages in at least two different businesses, the business from which it earns the greater business income, shall be deemed its main business: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

1. Computer programming, system integration and management services; software development and supply; information service activities; or telecommunications;
2. Creative and arts - related services (excluding individual artists); business activities producing motion pictures, video, and broadcast programs; business activities of audio publishing and original master recording; or broadcasting;
3. Engineering business; specialized designing services; security system service activities; or business making advertisements, among advertising businesses;
4. Business publishing books, magazines, and other printed matters; research and development business; 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 Act on the Development of Vocational Skills of Workers (limited to where the main business is vocational skill development training);
5. Tourist accommodation business, international conference business, or amusement facility business under the Tourism Promotion Act; or tourist facilities business referred to in Article 6 (3) 20 of the Act;
6. The logistics industry referred to in Article 5 (8);

7. Other new - growth service businesses specified by Ordinance of the Ministry of Strategy and Finance.

(6) The number of full - time employees and the number of full - time youth employees, etc. referred to in paragraphs (3) and (4), shall be calculated by the formula classified under subparagraph 1: Provided, That one worker referred to in the proviso to paragraph (1) 2, shall be calculated as 0.5 person; where all of the requirements for support prescribed under subparagraph 2 are met, one worker shall be calculated as 0.75 person; and the fraction of less than 1/100 shall be deemed nil:

<Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. Formula for calculating the number of full - time employees and full - time youth employees, etc.:

(a) Number of full - time employees: Aggregate of the number of full - time employees as at the end of each month during the relevant period ÷ Number of months during the relevant period

(b) Number of full - time youth employees, etc.: Aggregate of the number of full - time youth employees, etc. as at the end of each month during the relevant period ÷ Number of months during the relevant period

2. Requirements for support:

(a) The number of full - time employees in the relevant taxable year (excluding the workers referred to in the proviso to paragraph (1) 2), shall not be smaller than that in the immediately preceding taxable year (excluding the workers referred to in the proviso to paragraph (1) 2);

(b) They shall have entered into an indefinite employment contract;

(c) They shall not be given discriminatory treatment defined in subparagraph 3 of Article 2 of the Act on the Protection, etc. of Fixed - Term and Part - Time Workers, in their hourly wages (including wages defined in Article 2 (1) 5 of the Labor Standards Act, regularly paid bonuses, such as regular bonuses and holiday bonuses, and performance - based incentives) and other matters concerning the terms and conditions of employment, welfare, etc., compared with the full - time employees;

(d) The hourly wage shall be at least 120/100 of the minimum wage prescribed under Article 5 of the Minimum Wage Act.

(7) When calculating the increased number of full - time youth employees, etc. or full - time employees referred to in paragraphs (3) and (4), the number classified as follows shall be deemed the number of full - time youth employees, etc. or the number of full - time employees in the immediately preceding or relevant taxable year, if an enterprise starts its business, etc. in the relevant taxable year: <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017>

1. Number of full - time employees in the immediately preceding taxable year where an enterprise starts its business (excluding cases falling under Article 6 (6) 1 through 3 of the Act): 0;
2. Number of full - time employees in the immediately preceding taxable year in cases falling under any of Article 6 (6) 1 (excluding succession to the previous business through a merger, a split - off, an investment in kind or acquisition of business) through 3 of the Act: Number of full - time youth employees, etc. or number of full - time employees in the immediately preceding taxable year of the previous business, business before conversion into a corporation, or business before closure of business;
3. Number of full - time employees in the immediately preceding or relevant taxable year in either of the following cases: In cases of an enterprise that has transferred the business, the number calculated by deducting the number of full - time youth employees, etc. or the number of full - time employees transferred by succession from the number of full - time youth employees, etc. or the number of full - time employees in the immediately preceding taxable year; and in cases of an enterprise that has acquired the business, the aggregate of the number of full - time youth employees, etc. or the number of full - time employees by succession and the number of full - time youth employees, etc. or the number of full - time employees of an enterprise succeeded in the immediately preceding taxable year; and the number of full - time employees in the relevant taxable year shall be the number of full - time youth employees, etc. or the number of full - time employees calculated by deeming the full - time employees have been transferred or acquired by succession on the date the relevant taxable year commences:
 - (a) Where such enterprise takes over full - time youth employees, etc. or full - time employees engaging in the previous business division due to a merger, a split -

off, an investment in kind, a transfer of business, or any similar event in the relevant taxable year;

(b) Where such enterprise takes over full - time youth employees, etc. or full - time employees from a related party provided for in Article 11 (1).

(8) "Amount prescribed by Presidential Decree" in Article 30 - 4 (1) 1 of the Act, means the amount calculated by the following formula:<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(Total wages referred to in Article 20 (1) of the Income Tax Act, which are paid to full - time youth employees, etc. in the relevant taxable year ÷ Number of full - time youth employees, etc. in the relevant taxable year) × Social insurance premium rate

(9) "Amount prescribed by Presidential Decree" in Article 30 - 4 (1) 2 of the Act, means the amount calculated by the following formula:<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(Total wages referred to in Article 20 (1) of the Income Tax Act, which are paid to full - time employees, excluding youths, etc. in the relevant taxable year ÷ (Number of full - time employees in the relevant taxable year - Number of full - time youth employees, etc. in the relevant taxable year) × Social insurance premium rate

(10) For purposes of paragraphs (8) and (9), the social insurance premium rate shall be the aggregate of the following applicable as at the end of the relevant taxable year:<Amended by Presidential Decree No. 24077, Aug 31, 2012; Presidential Decree No. 27848, Feb. 7, 2017>

1. 1/2 of the insurance premium rate prescribed under Article 44 (1) of the Enforcement Decree of the National Health Insurance Act;
2. Number calculated by multiplying the number calculated under subparagraph 1 by the long - term care insurance premium rate prescribed under Article 4 of the Act on Long - Term Care Insurance for Older Persons;
3. The insurance premium rate prescribed under Article 88 of the National Pension Act;
4. The aggregate of the numbers calculated under each subparagraph of Article 13 (4) of the Act on the Collection of Insurance Premiums, etc. for Employment Insurance and Industrial Accident Compensation Insurance;
5. The industrial accident compensation insurance rate prescribed under Article 14 (3) of the Act on the Collection of Insurance Premiums, etc. for Employment

Insurance and Industrial Accident Compensation Insurance.

[This Article Wholly Amended by Presidential Decree No. 23590, Feb. 2, 2012]

Article 27 - 5 (Special Taxation for Gift Tax on Start - Up Funds)(1) “ Property prescribed by Presidential Decree, such as land and buildings ” in the former part of

Article 30 - 5 (1) of the Act, means any property specified in Article 94 (1) of the Income Tax Act. <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014 >

(2) “ Business start - up fund prescribed by Presidential Decree ” in the former part of Article 30 - 5 (1) of the Act, means either of the following funds used directly for starting a business specified in Article 30 - 5 (2) of the Act:<Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

1. Funds for acquiring business assets prescribed in Article 5 (13) (hereafter in this Article, referred to as "business assets");
2. Payments made for security deposits and rents for the place of business (including security money for lease on a deposit basis; hereinafter the same shall apply).

(3) “ Commence his/her business ” or “ business startup ” in the former part and the latter part of Article 30 - 5 (2) of the Act, means registration of a business with the head of the tax office having jurisdiction over the place of tax payment under Article 168 (1) of the Income Tax Act, Article 111 (1) of the Corporate Tax Act, or Article 8 (1) or (5) of the Value - Added Tax Act; and "situations prescribed by Presidential Decree" in the latter part of Article 30 - 5 (2) of the Act, means where a person acquires a business asset or pays a security deposit or a rent for an extended place of business.<Amended by Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 26959, Feb. 5, 2016 >

(4) "Date prescribed by Presidential Decree" in the former part of Article 30 - 5 (5) of the Act, means:<Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

1. The end of the month following the month in which the date of start - up falls;
2. The deadline for filing the tax return each taxable year by the four subsequent taxable years (where the start - up funds are fully used, the taxable year in which the date such start - up funds are used falls) from the taxable year in which the date of start - up falls.

(5) "Cases prescribed by Presidential Decree" in Article 30 - 5 (2) 4 of the Act, means where start - up funds are used for operating the business in which a person has engaged before receiving donated start - up funds or for replacing plant and equipment for such business. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(6) The following information shall be stated in a statement on the spending of start - up funds submitted under the former part of Article 30 - 5 (5) of the Act: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. Details of the donated start - up funds;
2. Details of the use of the donated start - up funds and materials evidencing such details;
3. Materials evidencing details of employment, if the donated start - up funds exceed three billion won.

(7) The equivalent to the interest, which is added to gift tax levied under the latter part of Article 30 - 5 (6) of the Act, shall be calculated by multiplying the period specified in subparagraph 2 and the rate specified in subparagraph 3 by the amount specified in subparagraph 1:

1. The amount of gift tax determined pursuant to the former part of Article 30 - 5 (6) of the Act;
2. The period from the day following a deadline for filing the tax return of gift tax on the first - donated start - up funds, until the date a ground for additional collection arises;
3. 3/10,000 per day.

(8) "Cases prescribed by Presidential Decree" in Article 30 - 5 (6) 6 of the Act, means any of the following: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

1. Where a donee dies: Provided, That the same shall not apply to the following cases:
 - (a) Where a donee dies after receiving donated start - up funds, but before commencing his/her business pursuant to Article 30 - 5 (2) of the Act; and the heir of the donee commences the business pursuant to Article 30 - 5 (2) through (6) of the same Act after succeeding to the donee's status;
 - (b) Where a donee dies after receiving donated start - up funds and commencing his/her business pursuant to Article 30 - 5 (2) of the Act, but before using the

start - up funds for the start - up objectives provided for in Article 30 - 5 (4) of the Act; and the heir of the donee commences the business pursuant to Article 30 - 5 (4) through (6) of the same Act after succeeding to the donee's status;

(c) Where a donee dies after receiving donated start - up funds and completing the commencement of his/her business pursuant to Article 30 - 5 (4) of the Act; and the heir of the donee commences the business pursuant to Article 30 - 5 (6) of the same Act after succeeding to the donee's status;

2. Where a donee discontinues or suspends his/her business (including actual suspension of the business): Provided, That the same shall not apply where the donee discontinues or suspends his/her business on either of the following grounds:

(a) Where the donee discontinues his/her business on the grounds that his/her debt exceeds his/her asset;

(b) Where the donee suspends or discontinues his/her business (limited to either one of suspension or discontinuation of the business) for the period not exceeding two years (where he/she discontinues his/her business, referring to two years by the time he/she resumes his/her business after discontinuing his/her business) only once on the grounds of his/her business need or his/her business conversion after first commencing his/her business.

(9) "Amount prescribed by Presidential Decree" in Article 30 - 5 (6) 6 of the Act, means start - up funds (including the portion of the value increased on the grounds of the start - up). <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

(10) For the purposes of Article 30 - 5 (6) 7 of the Act, "employees" means full - time employees prescribed in Article 27 - 3 (4). In such cases, the number of workers shall be calculated by dividing the aggregate of the number of employees as at the end of each month in the relevant taxable year by the number of months in the relevant taxable year. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(11) Anyone who intends to be accorded special taxation on gift tax on start - up funds pursuant to Article 30 - 5 (11) of the Act, shall file a tax return on gift tax, an application for special taxation for start - up funds in the form prescribed by Ordinance of the Ministry of Strategy and Finance, and a statement on the spending of start - up funds, with the head of a tax office having jurisdiction over the place of

tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006]

Article 27 - 6 (Special Taxation for Gift Tax on Succession to Family Business)(1)

"Where a resident succeeds to a family business, as prescribed by Presidential Decree" in Article 30 - 6 (1) of the Act, means where a person to whom stocks or equity shares of a family business (hereafter in this Article, referred to as "stocks, etc. ") are conveyed as a gift (hereafter in this Article and Articles 28 and 29, referred to as "donee ") or his/her spouse, engages in the family business until the deadline for filing a tax return on gift tax under Article 68 of the Inheritance Tax and Gift Tax Act, and takes office as representative director within five years from the date of conveyance as a gift. <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

(2) "Where a person fails to succeed to the family business" in Article 30 - 6 (2) of the Act, means where the donee fails to succeed to the family business as provided for in paragraph (1).

(3) "Just grounds prescribed by Presidential Decree" in the former part of Article 30 - 6 (2) of the Act, means any of the following circumstances:<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21064, Oct. 7, 2008>

1. Where a donee has died and the heir of the donee engages in the family business after succeeding to the initial status of the donee by the filing deadline for filing a tax return under Article 67 of the Inheritance and Gift Tax Act;
2. Where a donee donates the stocks, etc. conveyed as a gift, to the State or a local government;
3. Where other extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, arise.

(4) The equivalent to the interest, which is added to gift tax levied under the latter part of Article 30 - 6 (2) of the Act, shall be calculated by multiplying the amount specified in subparagraph 1 by the period specified in subparagraph 2 and the rate specified in subparagraph 3:

1. The amount of gift tax determined pursuant to the former part of Article 30 - 6 (2) of the Act;

2. The period from the day following a deadline for filing the tax return of gift tax on the first - donated stocks, etc., until the date a ground for additional collection arises;

3. 3/10,000 per day.

(5) Circumstances provided for in Article 30 - 6 (2) 1 of the Act, shall include the following: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where the donee (including the spouse of the donee referred to in paragraph (1)) fails to take office as representative director within five years from the date of conveyance of stocks, etc. as a gift, or fails to keep the position of representative director for seven years;

2. Where the main type of family business referred to in Article 30 - 6 (1) of the Act (hereafter in this Article, referred to as "family business") is changed to a different type of business (excluding where the type of business is changed to another type of business within the same Group of the Korean Standard Industrial Classification, and the turnover of the type of business in which the person engages as at the date of conveyance as a gift (referring to a type of business in a Class of the Korean Standard Industrial Classification) is at least 30/100 of the total turnover as at the end of the business year);

3. Where the donee suspends (or has no business performance) the family business for at least one year, or closes the family business.

(6) Circumstances provided for in Article 30 - 6 (2) 2 of the Act, shall include the following: <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where the donee disposes of the stocks, etc. conveyed as a gift: Provided, That the following cases shall be excluded herefrom:

(a) Where the donee becomes the largest stockholder, etc. defined under Article 15 (3) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act (hereafter in this Article, referred to as "largest stockholder, etc.") as a consequence of restructuring, such as a merger or split - off;

(b) Where the donee reduces his/her shares in order to meet the requirements for listing specified in the Listing Regulations pursuant to Article 390 (1) of the Financial Investment Services and Capital Markets Act;

2. Where the donee's holding ratio decreases due to forfeiture of his/her rights, etc. in the course of increasing the paid - in capital of the corporation that issued the stocks, etc. conveyed as a gift: Provided, That the foregoing shall not apply where such corporation increases its paid - in capital by issuing new stocks in order to increase its investment in plant and equipment or to expand its business, and the donee forfeits his/her rights in order to allocate new stocks to any person, other than the related persons (referring to the persons defined under Article 2 - 2 (1) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act; hereafter in this Article, the same shall apply) to the donee, but the donee becomes the largest stockholder, etc.

3. Where the donee ceases to be the largest stockholder, etc. because his/her holding ratio decreases due to the disposal of stocks or forfeiture, etc. in the course of increasing the paid - in capital by any related person to the donee.

(7) A taxpayer may be granted special taxation for gift tax under Article 30 - 6 (1) of the Act on the aggregate of the taxable value of the stocks, etc. eligible for special taxation of gift tax and the gains from donation, subject to a ceiling of ten billion won, with regard to gains from donation under Article 41 - 3 or 41 - 5 of the Inheritance Tax and Gift Tax Act (hereafter in this paragraph, referred to as "gains from donation"), which accrue from the donation of stocks after the taxpayer receives stocks, etc. eligible for special taxation of gift tax under Article 30 - 6 (1) of the Act. In such cases, gains from donation granted special taxation shall be added to the taxable value of inheritance tax under Articles 30 - 5 (7) and (8) and 30 - 6 (3) of the Act, notwithstanding Article 13 (3) of the Inheritance Tax and Gift Tax Act.

[<Amended by Presidential Decree No. 26959, Feb. 5, 2016>](#)

(8) Where an inheritance commences after stocks, etc. eligible for special taxation of gift tax under Article 30 - 6 (1) of the Act were conveyed as a gift; and each of the following requirements are satisfied as at the commencement date of inheritance, relevant provisions shall apply by deeming such case inheritance of a family business under Article 18 (2) 1 of the Inheritance Tax and Gift Tax Act:[<Amended by Presidential Decree No. 26959, Feb. 5, 2016>](#)

1. It shall be the family business specified under Article 15 (3) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act: Provided, That Article 15 (3) 1 (b) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act shall not

apply;

2. Deleted; <by Presidential Decree No. 22953, Jun. 3, 2011 >

3. The donee engages in the family business or holds office as representative director where he/she has not disposed of the stocks, etc. conveyed as a gift or his/her holding ratio has not decreased.

(9) "Equivalent to the property of family business prescribed by Presidential Decree" in the main sentence of Article 30 - 6 (1) of the Act, means an amount calculated by applying mutatis mutandis Article 15 (5) 2 of the Enforcement Decree of the Inheritance Tax and Gift Tax Act. In such cases, "stocks, etc. of a corporation that falls under family business among the inherited property" shall be construed as "stocks, etc. conveyed as a gift." <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

SECTION 5 Special Taxation for Corporate Restructuring

Article 28 (Capital Gains Tax Carried Forward, etc. Following Consolidation between Small or Medium Enterprises)(1)

"Consolidation between small or medium enterprises engaging in the types of business prescribed by Presidential Decree" in Article 31 (1) of the Act, means that a small or medium entrepreneur (referring to small or medium entrepreneurs subject to the Framework Act on Small and Medium Enterprises; hereafter in this Article, the same shall apply) engaging in a business, other than consumer service businesses defined under Article 29 (3) (limited to where the turnover of each consumer service business for the business year immediately preceding the business year in which the date of transfer of real estate falls, is the largest, if a small or medium entrepreneur concurrently engages in any of the consumer service businesses and other business), fully succeeds to the main assets at each business establishment relating to the business of the relevant enterprise, maintains the business identity, and meets the following requirements. In such cases, succession to a business of an individual investor by a corporation for which one year has not passed since its incorporation (limited to majority stockholders prescribed under Article 39 (2) of the Framework Act on National Taxes), shall not be deemed consolidation: <Amended by Presidential Decree No.

17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

1. The small or medium entrepreneur of the business establishment to be extinguished upon consolidation, shall be a shareholder or an investor of the corporation which has survived, or newly incorporated in the course of such consolidation (hereafter in this Article, referred to as "consolidated corporation");
2. The value of stocks or shares acquired by the small or medium entrepreneur of the business establishment to be extinguished upon consolidation, shall be more than or equal to the net asset value of the business establishment to be extinguished upon such consolidation (referring to the total value of assets appraised at the market price as on the date of consolidation minus total liabilities, including the reserves; hereinafter the same shall apply).

(2) "Fixed business assets prescribed by Presidential Decree" in Article 31 (1) of the Act, means tangible and intangible assets (excluding the assets determined to be real estate unrelated to the business of corporations as stipulated by Ordinance of the Ministry of Strategy and Finance, which have been acquired as of January 1, 1981) used directly for the relevant business. <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(3) Any person who intends to have the capital gains tax carried - forward under Article 31 (1) of the Act, shall submit an application for tax carried - forward in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with the consolidated corporation, at the time of filing his/her tax return for the taxable year in which the date of consolidation falls (including the preliminary return). <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 20720, Feb. 29, 2008 >

(4) A person eligible for tax reduction or exemption for the remaining period of tax reduction or exemption under Article 31 (4) of the Act, is entitled to such tax reduction or exemption for each taxable year or payment term that ends within the remaining period of tax reduction or exemption at the time of consolidation, with

respect to the income generated from the business the person succeeded to from a small or medium start - up enterprise or a small or medium start - up venture enterprise to be extinguished upon consolidation, or an enterprise in an agro - industrial complex or an area for special support for local small or medium enterprises designated under Article 62 - 23 (1) of the Small and Medium Enterprises Promotion Act (hereinafter referred to as “ area for special support for local small or medium enterprises ”) or the business assets the person succeeded to from such enterprise.<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27524, Sep. 29, 2016>

(5) A consolidated corporation that seeks the tax benefit provided for in Article 31 (4) of the Act, shall file an application for tax reduction or exemption by applying mutatis mutandis Article 5 (9) or 61 (3).<Amended by Presidential Decree No. 24368, Feb. 15, 2013>

(6) A person eligible for tax reduction or exemption for the remaining period of tax reduction or exemption under Article 31 (5) of the Act, is entitled to such tax reduction or exemption for each taxable year that ends within the remaining period of tax reduction or exemption at the time of consolidation, with respect to the income generated from the business the person succeeded to from a small or medium entrepreneur to be extinguished upon consolidation.<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002>

(7) Article 60 (5) or 65 shall apply mutatis mutandis to an application for tax reduction or exemption filed by a consolidated corporation that seeks the tax benefit provided for in Article 31 (5) of the Act.<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

(8) A person who has succeeded to an unused tax credit pursuant to Article 31 (6) of the Act, may obtain a tax credit by carrying forward the equivalent to the unused tax credit on the assets succeeded to from a small or medium entrepreneur to be extinguished upon consolidation to each taxable year that ends within the remaining period of carry - forward deduction for that small or medium entrepreneur.<Amended by Presidential Decree No. 17829, Dec. 30, 2002>

(9) Where a consolidated corporation disposes of at least 1/2 of the fixed business assets referred to in paragraph (2) it has succeeded to from a small or medium

entrepreneur whose business establishment extinguishes upon consolidation, or fails to use the fixed business assets for its business, the consolidated corporation shall be deemed to discontinue its business under Article 31 (7) 1: Provided, That this shall not apply to any of the following cases: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

1. Where the consolidated corporation disposes of the assets succeeded, due to its bankruptcy;
2. Where the consolidated corporation disposes of its assets by means of a merger under Article 44 (2) of the Corporate Tax Act, split - off under Article 46 (2) of the same Act, spin - off under Article 47 (1) of the same Act, or an investment in kind under Article 47 - 2 (1) of the same Act;
3. Where the consolidated corporation makes a comprehensive transfer of its assets pursuant to Article 37 of the Act at book value;
4. Where the consolidated corporation disposes of the assets succeeded, in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act upon obtaining permission from the court.

(10) A disposal under Article 31 (7) 2 of the Act includes a transfer of stocks or equity shares for or without consideration and capital reduction for or without consideration (excluding where stocks or equity shares are retired equally in proportion to the ratio of stocks or equity shares held by each stockholder or investor): Provided, That this shall not apply in the following cases: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. Where the stocks or equity shares are disposed of upon the death or bankruptcy of a national eligible under Article 31 (1) of the Act (hereafter in this Article, referred to as "relevant national");
2. Where the relevant national disposes of the stocks or equity shares by means of a merger or split - off under Article 44 (2) or 46 (2) of the Corporate Tax Act;
3. Where the relevant national disposes of the stocks or equity shares under the benefit of special taxation by means of comprehensive transfer of assets under Article 37 of the Act, comprehensive exchange and transfer of stocks under Article 38 of the Act, or investment in kind with stocks under Article 38 - 2 of the Act;

4. Where the relevant national disposes of the stocks or equity shares in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act upon obtaining permission from the court;
5. Where the relevant national disposes of the stocks or equity shares to perform his/her legal obligation;
6. Where the relevant national conveys stocks or equity shares of the relevant family business as a gift to any third person in order to transfer the family business, and the donee is granted special taxation for gift tax under Article 30 - 6 of the Act.

(11) For the purposes of paragraph (10) 6, Article 31 (7) of the Act shall apply to the donee, deeming that the donee is the relevant national, but the five - year period shall include the period during which the donor has held the stocks or equity shares of the consolidating corporation it acquired upon consolidation.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

Article 29 (Capital Gains Tax Carried Forward following Conversion into Corporation)(1)

Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002>

(2) "By the means of business transfer or acquisition prescribed by Presidential Decree" in Article 32 (1) of the Act, means the comprehensive transfer of all business - related rights and duties to the relevant corporation within three months from the date of its incorporation by a person who has operated the relevant business after incorporating such corporation by becoming one of the incorporators and investing at least the amount calculated under paragraph (5).<Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 22583, Dec. 30, 2010>

(3) "Consumer service business prescribed by Presidential Decree" in Article 32 (1) of the Act, means any of the following businesses (hereinafter referred to as "consumer service business"):<Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010>

1. Hotel business and inn business (excluding tourist accommodation business under the Tourism Promotion Act);
2. Bar business (applicable only to general entertainment bar business, dancing entertainment bar business, and karaoke bar business under Article 21 of the Enforcement Decree of the Food Sanitation Act, but excluding foreigner - only

entertainment restaurant business and tourist entertainment restaurant business under the Tourism Promotion Act);

3. Other businesses for the purpose of amusement, entertainment, etc., which are prescribed by Ordinance of the Ministry of Strategy and Finance.

(4) A person who intends to have capital gains tax carried - forward under Article 32 (1) of the Act, shall submit, to the head of a tax office having jurisdiction over the place of tax payment, an application for carried - forward taxation in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with a newly - incorporated corporation, when filing his/her tax return (including preliminary returns) for the taxable year in which the date of an investment in kind or the date of business transfer and acquisition falls.<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(5) "Amount prescribed by Presidential Decree" in Article 32 (2) of the Act, means the amount calculated by applying mutatis mutandis Article 28 (1) 2, which is the value of net assets of a business place converted into a corporation by making an investment in kind with fixed business assets, or transferring and acquiring a business.<Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010>

(6) Where a corporation incorporated under Article 32 (1) of the Act (hereafter in this Article, referred to as "converted corporation"), disposes of at least 1/2 of the fixed business assets acquired through investment in kind or business transfer or acquisition pursuant to Article 32 (1) of the Act, or fails to use the fixed business assets for its business, the corporation shall be deemed to discontinue its business under Article 32 (5) 1 of the Act: Provided, That this shall not apply to any of the following cases:<Amended by Presidential Decree No. 24368, Feb. 15, 2013>

1. Where the converted corporation disposes of the assets succeeded due to its bankruptcy;
2. Where the converted corporation disposes of its assets by means of a merger under Article 44 (2) of the Corporate Tax Act, split - off under Article 46 (2) of the same Act, spin - off under Article 47 (1) of the same Act, or an investment in kind under Article 47 - 2 (1) of the same Act;

3. Where the converted corporation makes a comprehensive transfer of its assets pursuant to Article 37 of the Act at book value;
4. Where the converted corporation disposes of the assets succeeded, in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act upon obtaining permission from the court.

(7) A disposal under Article 32 (5) 2 of the Act includes a transfer of stocks or equity shares for or without consideration and capital reduction for or without consideration (excluding where stocks or equity shares are retired equally in proportion to the ratio of stocks or equity shares held by each stockholder or investor): Provided, That this shall not apply in the following cases: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. Where the stocks or equity shares are disposed of, upon the death or bankruptcy of a national eligible under Article 32 (1) of the Act (hereafter in this Article, referred to as "relevant resident");
2. Where the relevant resident disposes of the stocks or equity shares by means of a merger or split - off under Article 44 (2) or 46 (2) of the Corporate Tax Act;
3. Where the relevant resident disposes of the stocks or equity shares under the benefit of special taxation by means of comprehensive transfer of assets under Article 37 of the Act, comprehensive exchange and transfer of stocks under Article 38 of the Act, or investment in kind with stocks under Article 38 - 2 of the Act;
4. Where the relevant resident disposes of the stocks or equity shares in accordance with the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act upon obtaining permission from the court;
5. Where the relevant resident disposes of the stocks or equity shares to perform his/her legal obligation;
6. Where the relevant resident conveys stocks or equity shares of the relevant family business as a gift to any third person in order to transfer the family business, and the donee is granted special taxation for gift tax under Article 30 - 6 of the Act.

(8) For the purposes of paragraph (7) 6, Article 32 (5) of the Act shall apply to the donee by deeming that the donee is the relevant national, but the five - year period shall include the period during which the donor has held the stocks or equity shares

of the consolidating corporation it acquired upon consolidation. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

Article 30 (Special Taxation for Enterprises Undergoing Trade Adjustment Assistance whose Business is Converted)(1) Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

(2) "Fixed business assets" in the former part of Article 33 (1) of the Act, means tangible fixed assets and intangible fixed assets used directly for the relevant business.

(3) Business conversion eligible for Article 33 (1) of the Act, means that a person transfers fixed assets for the pre - conversion business at each place of business and starts the converted business by acquiring replacement fixed business assets to be used directly for the converted business within one year from the date of such transfer.

(4) "Amount calculated, as prescribed by Presidential Decree" in the former part of Article 33 (1) of the Act, shall be the amount calculated by multiplying the ratio of subparagraph 2 by the amount of subparagraph 1: <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

1. The transfer value of the fixed assets for the pre - conversion business minus the aggregate of the book value of the fixed assets and carried - forward losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of the immediately preceding business year;

2. The ratio of the acquisition value of the fixed assets for the converted business to the transfer value of the fixed assets for the pre - conversion business.

(5) The amount of tax reduction or exemption under Article 33 (2) 1 of the Act, shall be calculated by the following formula: <Amended by Presidential Decree No. 23590, Feb. 2, 2012> Amount of the capital gains tax calculated under subparagraph 1 of Article 93 of the Income Tax Act, payable upon the transfer of the building for the pre - conversion business and the land appurtenant thereto × Ratio of the acquisition value of the machinery and equipment of the converted business to the transfer value of the pre - conversion business × 50/100

(6) The amount eligible for tax deferral under Article 33 (2) 2 of the Act, shall be calculated by the following formula: <Amended by Presidential Decree No. 23590, Feb. 2,

[2012](#)>

Capital gains provided for in Article 95 (1) of the Income Tax Act × (Acquisition value of the building for the converted business and the land appurtenant thereto ÷ Transfer value of the pre - conversion business)

(7) For the purposes of paragraphs (4) through (6), where none of the fixed assets for the converted business, the machinery, equipment, and building for the converted business, and land appurtenant thereto, is acquired by the end of the business year in which the fixed assets for the pre - conversion business are transferred, the acquisition value shall be the estimated value in a statement of (planned) business conversion.

(8) "Amount calculated, as prescribed by Presidential Decree" in the former part of Article 33 (3) of the Act, means the following amounts:<[Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27848, Feb. 7, 2017](#)>

1. Where capital gains are not included in the gross income pursuant to paragraph (4), the total amount not included in the gross income;
2. Where the capital gains tax is reduced or exempted pursuant to paragraph (5), the total amount of tax reduced or exempted;
3. Where the tax is deferred under paragraph (6), the total equivalent to the tax - deferred amount (referring to the amount of tax calculated by multiplying the tax rate specified in Article 104 of the Income Tax Act by the tax - deferred amount; hereafter in this paragraph and paragraphs (9) and (14), referred to as "amount of tax deferred");
4. Where the estimated value is not included in the gross income under paragraph (7), the tax is reduced, exempted, or deferred, the amount granted in excess of the amount calculated on the basis of the actual value pursuant to paragraphs (4) through (6).

(9) "Equivalent to the interest calculated, as prescribed by Presidential Decree" in the latter part of Article 33 (3) of the Act, shall be the amount calculated as follows:<[Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010](#)>

1. Where the amount referred to in paragraph (8) 1 and 4 is included in the gross income: The amount calculated by multiplying the difference in corporate tax incurred by excluding the amount referred to in paragraph (8) 1 or 4 from the

gross income for the business year in which capital gains are not included in gross income, by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which capital gains are not included in the gross income, until the end of the business year in which the amount referred to in paragraph (8) 1 or 4 is included in the gross income;

(b) 3/10,000 per day;

2. Where the tax referred to in paragraph (8) 2 through 4 is paid: The amount calculated by multiplying the amount of tax reduced, exempted, or deferred that has to be paid pursuant to paragraph (8) 2 through 4, by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the taxable year in which the tax is reduced, exempted, or deferred, until the end of the taxable year in which a ground for payment arises;

(b) 3/10,000 per day.

(10) For the purpose of Article 33 of the Act, the business shall be classified into the industry groups under the Korean Standard Industrial Classification. <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007 >

(11) Any domestic corporation that wishes to be eligible for Article 33 (1) of the Act, shall submit a statement of capital gains and adjustment for inclusion in gross income in installments, and a statement of (planned) business conversion, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the business year in which the fixed assets for the pre - conversion business are transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(12) Any resident who intends to be granted a reduction, exemption, or deferral of capital gains tax pursuant to Article 33 (2) of the Act, shall submit an application for tax reduction, exemption, or deferral, and a statement of (planned) business conversion, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return (including the preliminary return) for the taxable year in which the fixed assets for the pre - conversion business are transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(13) When a person starts the converted business after the application of paragraph (7), the person shall submit a report on the completion of the business conversion in

the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which he/she starts the converted business.

[<Amended by Presidential Decree No. 20720, Feb. 29, 2008>](#)

(14) "Amount of tax deferred, calculated as prescribed by Presidential Decree" in Article 33 (4) of the Act, means the total amount of tax deferred under paragraph (8) 3. [<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>](#)

[This Article Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006]

Article 30 - 2 (Tax Reduction or Exemption for Small or Medium Enterprises Engaging in Converted Business)(1) Deleted. [<by Presidential Decree No. 21307, Feb. 4, 2009>](#)

(2) "Date of business conversion prescribed by Presidential Decree" in Article 33 - 2 (1) of the Act, means either of the following applicable dates: [<Amended by Presidential Decree No. 21307, Feb. 4, 2009>](#)

1. In cases falling under Article 33 - 2 (1) 1 of the Act: The commencement date of the converted business under Article 33 - 2 (1) of the Act (hereafter in this Article, referred to as "converted business");

2. In cases falling under Article 33 - 2 (1) 2 of the Act: The end of the taxable year in which the business is converted, as prescribed in paragraph (3).

(3) Conversion of business under Article 33 - 2 (1) 2 of the Act means where the gross sales of a pre - conversion business defined under Article 33 - 2 (1) of the Act (hereafter in this Article, referred to as "pre - conversion business") is reduced to not more than 50/100 of the gross sales for the taxable year immediately preceding the taxable year in which the converted business is added (hereafter in this paragraph, referred to as "base gross sales") within the five years from the commencement date of the taxable year immediately following the taxable year in which the converted business is added, and the sales of the converted business increase by at least 50/100 of the base gross sales within the relevant period.

[<Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>](#)

(4) "Taxable year prescribed by Presidential Decree" in Article 33 - 2 (2) of the Act, means any taxable year in which the sales of a pre - conversion business exceed 50/100 of the base gross sales, or the sales of the newly - added converted business

do not exceed 50/100 of the base gross sales. <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

(5) For the purposes of Article 33 - 2 of the Act, the business shall be classified into the industry groups under the Korean Standard Industrial Classification.

(6) "Equivalent to the interest calculated as prescribed by Presidential Decree" in Article 33 - 2 (4) of the Act, means the equivalent to the amount of tax payable under Article 33 - 2 (3) of the Act multiplied by the period of subparagraph 1 and the ratio of subparagraph 2: <Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009 >

1. The period from the day following the end of the taxable year in which tax reduction or exemption is granted, until the end of the taxable year in which any of the grounds prescribed in Article 33 - 2 (3) of the Act arises;

2. 3/10,000 per day.

(7) Any national who intends to be granted a reduction or exemption of income tax or corporate tax pursuant to Article 33 - 2 (1) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the date of business conversion falls. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21545, Jun. 19, 2009 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 31 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 32 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 33 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 34 (Special Taxation for Assets Sold by Domestic Corporations to Pay Financial Debts)(1) "Date prescribed by Presidential Decree" in Article 34 (1) of the Act, means the date a domestic corporation receives an installment (the down payment is deemed to be included in the first installment). <Amended by Presidential Decree No. 27127, May 10, 2016 >

(2) For the purposes of Article 34 (1) and (2) of the Act, Article 162 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the date an asset is transferred (hereafter in this Article, referred to as "date an asset is

transferred"): Provided, That dates prescribed in paragraph (1) shall apply to the transfer of an asset under long - term installment terms.

(3) "Unavoidable causes prescribed by Presidential Decree" in Article 34 (1) of the Act, means where it is impracticable to repay a debt due to a situation in which the creditor financial institution referred to in paragraph (5) 1 is unable to receive the repayment of the debt.<Amended by Presidential Decree No. 27127, May 10, 2016>

(4) "Deadline prescribed by Presidential Decree" in Article 34 (1) of the Act, means the deadline specified in the following:<Amended by Presidential Decree No. 27127, May 10, 2016>

1. Where the causes provided for in paragraph (3) arise and the date such causes terminate comes later than the date specified in subparagraph 2, the date following the date such causes terminate;
2. In any case other than subparagraph 1, the date three months lapse from the date assets are transferred.

(5) For the purposes of Article 34 (1) and (2) of the Act, the scope of debts shall be limited to those specified in the financial restructuring plan provided for in paragraph (6), which shall contain the details of the debts and a repayment plan through the transfer of assets, and shall include the following (hereafter in this Article, referred to as "debts to financial institutions"):<Amended by Presidential Decree No. 27127, May 10, 2016>

1. Business - related loans from any financial institution referred to in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in the Article, referred to as "creditor financial institution");
2. Interest on the loans referred to in subparagraph 1;
3. Corporate bonds issued by the relevant domestic corporation to raise funds, which are purchased or guaranteed by the creditor financial institution;
4. Commercial paper issued by the relevant domestic corporation to raise funds, which is purchased by the creditor financial institution.

(6) "Financial restructuring plan prescribed by Presidential Decree" in Article 34 (1) of the Act, means any of the following documents, which specify the total amount and details of debts to financial institutions, a repayment plan, details of assets to be transferred, and a transfer plan (hereafter in this Article, referred to as "financial restructuring plan"):<Amended by Presidential Decree No. 27127, May 10, 2016; Presidential

[Decree No. 27848, Feb. 7, 2017](#)>

1. An agreement made between the principal creditor bank defined in subparagraph 5 of Article 2 of the Corporate Restructuring Promotion Act, or a council of financial creditors provided for in Article 22 of the same Act (hereafter in this Article, referred to as "council of financial creditors or such") and an enterprise to implement the workout program pursuant to Article 14 of the same Act;
2. A special agreement made between a committee (hereafter in this Article, referred to as "creditor banks ' autonomous committee") organized among banks having bonds of an enterprise subject to financial restructuring, to assess credit risks and to discuss a restructuring plan, etc. of the enterprise subject to financial restructuring and the enterprise subject to financial restructuring in accordance with the basis to organize such, and an agreement stipulating the joint management procedure of the banks having bonds of the enterprise subject to financial restructuring to implement the workout program;
3. Timely corrective measures, which the Financial Services Commission recommends, requests, or orders to the relevant financial institution under Article 10 of the Act on the Structural Improvement of the Financial Industry, or the Financial Services Commission orders the relevant financial institution to submit the implementation plan such timely corrective measures;
4. A rehabilitation plan formulated under Article 193 of the Debtor Rehabilitation and Bankruptcy Act, for which a decision on authorization is declared by the court under Article 245 of the same Act;
5. An agreement made between the Korea Asset Management Corporation under the Act on the Efficient Disposal of Non - Performing Assets, etc. of Financial Companies and the Establishment of Korea Asset Management Corporation (hereafter in this Article, referred to as the "Korea Asset Management Corporation") and a small or medium enterprise that falls under either of the following to improve its financial structure:
 - (a) An enterprise showing signs of insolvency defined in subparagraph 3 of Article 2 of the Act on the Efficient Disposal of Non - Performing Assets, etc. of Financial Companies and the Establishment of Korea Asset Management Corporation;

(b) A restructuring company provided for in Article 26 (1) 7 of the Act on the Efficient Disposal of Non - Performing Assets, etc. of Financial Companies and the Establishment of Korea Asset Management Corporation.

(7) "Persons prescribed by Presidential Decree" in Article 34 (1) of the Act, means the following entities (hereafter in this Article and Articles 36, 37, and 43, referred to as "person authorized to approve the financial restructuring plan"): <Amended by Presidential Decree No. 27127, May 10, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. In cases falling under paragraph (6) 1: A council of financial creditors or such;
2. In cases falling under paragraph (6) 2: A creditor banks ' autonomous committee;
3. In cases falling under paragraph (6) 3: The Financial Services Commission;
4. In case falling under paragraph (6) 4: The competent court;
5. In case falling under paragraph (6) 5: The Korea Asset Management Corporation.

(8) "Equivalent to the paid debts prescribed by Presidential Decree (limited to the amount that exceeds the deficit prescribed by Presidential Decree" in Article 34 (1) of the Act, means the amount calculated by the following formula (hereafter in this Article, referred to as "equivalent to capital gains"): <Amended by Presidential Decree No. 27127, May 10, 2016>

[Capital gains referred to in Article 34 (1) of the Act - Carried - forward losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act (hereafter in this Article referred to as "carried - forward losses") as at the end of the business year immediately preceding the business year in which assets are transferred. If the domestic corporation covers carried - forward losses first with the value of assets it has acquired without consideration or with the reduced amount of debts due to debt relief or acquittance in such cases, the covered amount shall be subtracted from the carried - forward losses] × [the amount of debts paid to financial institutions (hereafter in this Article, referred to as "amount of debts paid") out of the transfer value of assets transferred pursuant to Article 34 (1) of the Act (hereafter in this Article, referred to as "transfer value") ÷ the transfer value]

(9) For the purposes of paragraph (8), if debts to financial institutions have not been paid until the end of the business year in which the date assets are transferred, the amount of debts paid shall be determined with the amount of debts payable on the statement of debts paid (payable) in the form prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 27127, May 10,

2016 >

(10) Where an amount not included in gross income is included in gross income in accordance with the former part of Article 34 (2) of the Act, the amount calculated by the following formula shall be included in gross income: <Amended by Presidential Decree No. 27127, May 10, 2016 >

1. In cases falling under Article 34 (2) 1 of the Act: The amount calculated by the following formula:

Equivalent to capital gains × [Amount of debts payable on the statement of debts paid (or payable) - Amount of debts paid out of the transfer value] ÷ Amount of debts payable on the statement of debts repaid (or payable)

2. In cases falling under Article 34 (2) 2 of the Act: The amount calculated by the following formula:

Equivalent to capital gains × Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

3. In cases falling under Article 34 (2) 3 of the Act:

The full amount not included in gross income out of the equivalent to capital gains.

(11) "Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in the latter part of Article 34 (2) of the Act and the proviso to Article 34 (2) 3 of the Act, means the difference in corporate tax incurred by excluding the amount calculated under any subparagraph of paragraph (10) from gross income for the business year in which assets are transferred, multiplied by the period of subparagraph 1 and the ratio of subparagraph 2: <Amended by Presidential Decree No. 27127, May 10, 2016 >

1. The period from the day following the end of the business year in which the assets are transferred, until the end of the business year in which the amount calculated under any subparagraph of paragraph (10) is included in gross income;

2. 3/10,000 per day.

(12) For the purposes of paragraphs (10) (excluding paragraph (10) 3; hereafter in this paragraph, the same shall apply) and (11), if an amount not included partially or fully in gross income in accordance with Article 34 (1) of the Act is included later in gross income (hereafter in this Article, referred to as "amount already included in gross income") before including the amount calculated under paragraph (10) in gross income, the amount already included in gross income in the order of inclusion in

gross income shall be deemed the amount included in gross income under paragraph (10); and the equivalent to interest referred to in paragraph (11) shall be calculated, based on the period until the business year in which the amount already included in gross income is included in gross income.<Amended by Presidential Decree No. 27127, May 10, 2016>

(13) For the purposes of Article 34 (2) 2 of the Act, if the date assets are transferred and the date debts are repaid to financial institutions (hereafter in this Article, referred to as "date debts are repaid"), fall in different business years, the three - year period shall be counted from the date debts are repaid.<Amended by Presidential Decree No. 27127, May 10, 2016>

(14) For the purposes of Article 34 (2) 2 of the Act, the three - year period shall be counted, deeming that the period from the date assets are transferred (referring to the date debts are repaid, in cases falling under paragraph (13)), until the end of the relevant business, is one year.<Amended by Presidential Decree No. 27127, May 10, 2016>

(15) For the purposes of Article 34 (2) 2 of the Act, the debt ratio shall be calculated by dividing the liabilities prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "liabilities") as at the end of each business year, by the stockholder's equity on the balance sheet (its amount shall be calculated, as prescribed by Ordinance of the Ministry of Strategy and Finance, and it refers to the paid - in capital calculated, as prescribed by Ordinance of the Ministry of Strategy and Finance, if the stockholder's equity is less than the paid - in capital; hereafter in this Article, referred to as "stockholder's equity"). Foreign - currency denominated assets and liabilities in such cases shall be valued, as prescribed by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 27127, May 10, 2016>

(16) For the purposes of Article 34 (2) 2 of the Act, the standard debt ratio shall be the ratio of subparagraph 1 minus the ratio of subparagraph 2. In such cases, the latter part of paragraph (15) shall apply to foreign - currency denominated assets and liabilities:<Amended by Presidential Decree No. 27127, May 10, 2016>

1. The ratio calculated by dividing liabilities as at the end of the business year (hereafter in this Article, referred to as "record date for calculation of the standard debt ratio") immediately preceding the business year in which a financial restructuring plan is first approved, by the stockholders' equity as at the record

date for calculation of the standard debt ratio. If liabilities and stockholder's equity are valued and confirmed by the person authorized to approve the financial restructuring plan to formulate a financial restructuring plan as of a specific day during the period from the record date for calculation of the standard debt ratio to the date before the date the financial restructuring plan is first approved, such liabilities and stockholder's equity may be used for calculation in such cases;

2. The ratio calculated by dividing the amount of debts paid, by the stockholder ' s equity referred to in subparagraph 1.

(17) "Unavoidable cause prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 34 (2) 3 of the Act, means the following cases:

1. Where bankruptcy is declared;
2. Where a business is discontinued due to a natural disaster or any other similar event.

(18) The person authorized to approve the financial restructuring plan shall submit the financial restructuring plan and a report on performance of the financial restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment of a domestic corporation whose financial restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved financial restructuring plan") by the following relevant deadline: Provided, That, where the domestic corporation with an approved financial restructuring plan submits its financial restructuring plan or a report on performance of its financial restructuring plan, which have been confirmed by the person authorized to approve the financial restructuring plan, to the head of the tax office having jurisdiction over the place of tax payment, such plan and report shall be deemed submitted by the person authorized to approve the financial restructuring plan: <Amended by Presidential Decree No. 27127, May 10, 2016>

1. The financial restructuring plan: By the end of the business year in which the domestic corporation ' s financial restructuring plan is approved;
2. The report on performance of the financial restructuring plan: By the deadline for filing the tax return for the following relevant business year:
 - (a) The business year in which assets are transferred;

(b) The business year in which debts are repaid (limited to where the date assets are transferred and the date debts are repaid, fall in different business years);

(c) Three business years following the business year in which debts are repaid.

(19) A domestic corporation that wishes to be eligible under Article 34 (1) of the Act, shall submit a statement of capital gains and adjustment for inclusion in gross income in installments, and a statement of debts paid (payable), in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which assets are transferred. It shall submit a statement of debts paid (or payable) additionally, along with its tax return for the business year in which debts are repaid, if the date assets are transferred and the date debts are repaid, fall in different business years. <Amended by Presidential Decree No. 27127, May 10, 2016 >

[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009]

Article 35 (Special Taxation for Comprehensive Transfer of Assets)(1) Where a domestic corporation (hereafter in this Article, referred to as "acquired corporation") transfers (hereafter in this Article, referred to as "comprehensive transfer of assets") most of its assets to another domestic corporation (hereafter in this Article, referred to as "acquiring corporation") as prescribed in Article 37 (1) of the Act, the domestic corporation may include the equivalent to capital gains calculated by the following formula in the deductible expenses of the business year in which the date of comprehensive transfer of assets falls. In such cases, the amount included in the deductible expenses shall be recognized as the advanced depreciation provision of stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") of such acquiring corporation which have been acquired through comprehensive transfer of assets:

(Price of acquisition referred to in Article 37 (1) 2 of the Act - Net book value of the comprehensively - transferred assets) × (Value of stocks, etc. acquired by an acquiring corporation out of the price of acquisition ÷ Price of acquisition)

(2) An acquired corporation shall liquidate within six months from the date of comprehensive transfer of assets in order to be eligible under paragraph (1).

(3) Most of the assets referred to in the former part of Article 37 (1) of the Act, shall be at least 70/100 of the total assets of an acquired corporation and, at the same time, at least 90/100 of the total assets less the total liabilities as at the date of comprehensive transfer of assets: Provided, That, if the acquired corporation has split off within two years before the date of comprehensive transfer of assets, most of assets shall be determined based on the assets of the corporation before such split - off.

(4) When the amount of liquidation income referred to in the latter part of Article 37 (1) of the Act is calculated, the value of stocks, etc. of an acquiring corporation acquired by the comprehensive transfer of assets among the residual property, shall be calculated based on the value (referring to an amount calculated by subtracting the balance of the advanced depreciation provision referred to in paragraph (1) from the market value) as at the date of comprehensive transfer of assets.

(5) Where an acquiring corporation has acquired the stocks, etc. of an acquired corporation within two years before the date of comprehensive transfer of assets when determining whether the value of voting stocks, etc. of the acquiring corporation is at least 80/100 of the price of acquisition as prescribed in Article 37 (1) 2 of the Act, the following shall be added to the price of acquisition, deeming the following amounts to have been given in cash: < Amended by Presidential Decree No. 27127, May 10, 2016 >

1. Where the acquiring corporation is not a controlling stockholder under Article 43 (7) of the Enforcement Decree of the Corporate Tax Act of the acquired corporation as at the date of comprehensive transfer of assets: Where the stocks, etc. of the corporation acquired by the acquiring corporation within two years before the date of comprehensive transfer of assets, exceed 20/100 of the total number of outstanding stocks of, or total amount of investment in, the acquired corporation: Price of acquisition of the stocks, etc. in excess;
2. Where the acquiring corporation is a controlling stockholder, etc. under Article 43 (7) of the Enforcement Decree of the Corporate Tax Act of the acquired corporation as at the date of comprehensive transfer of assets: Price of acquisition of the stocks, etc. acquired within two years before the date of comprehensive transfer of assets.

(6) "Stockholders, etc. of the acquired corporation prescribed by Presidential Decree" in Article 37 (1) 2 and (6) 2 of the Act, means the controlling stockholders, etc. under Article 43 (3) of the Enforcement Decree of the Corporate Tax Act, except: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Relatives by blood or marriage who are at least in the fourth degree of relationship among relatives referred to in Article 43 (8) 1 (a) of the Enforcement Decree of the Corporate Tax Act;
2. Persons whose share - holding ratio in the acquired corporation as at the date of comprehensive transfer of assets is less than 1/100, and, at the same time, the appraised market value of such share is less than one billion won.

(7) When the stocks, etc. of an acquiring corporation are distributed to the stockholders, etc. of an acquired corporation as a means of distributing the residual property following dissolution of the acquired corporation, the stocks, etc. of the acquiring corporation in at least the amount calculated by the following formula shall be distributed to the stockholders, etc. referred to in paragraph (6): Total amount of stocks, etc. of the acquiring corporation paid by the acquiring corporation to the acquired corporation × Share - holding ratio of the relevant stockholders, etc. in the acquired corporation

(8) Articles 80 - 2 (6) and 80 - 4 (8) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to determination as to whether an acquiring corporation continues or closes the business succeeded from the acquired corporation under Article 37 (1) 3 and (6) 1 of the Act. In such cases, "merging corporation" shall be construed as "acquiring corporation"; "merged corporation" as "acquired corporation"; and "date of registration of a merger" as "date of comprehensive transfer of assets," respectively. <Amended by Presidential Decree No. 22583, Dec. 30, 2010>

(9) The amount of deemed distribution or amount of deemed dividend that the stockholders, etc. of an acquired corporation receive following dissolution as prescribed in Article 37 (2) of the Act, shall be the smaller of the amounts prescribed under subparagraphs 1 and 2; and the acquisition price of stocks, etc. of an acquiring corporation acquired by the stockholders, etc. of an acquired corporation shall be an amount calculated by adding the amount of deemed distribution or amount of deemed dividend to the acquisition price of stocks, etc. of the acquired corporation

and by subtracting an amount prescribed in subparagraph 2 therefrom:

1. Aggregate of the price of stocks, etc., money, and amount of other property of the acquiring corporation that the stockholders, etc. of the acquired corporation acquired by distribution of residual property due to dissolution, which is in excess of the acquisition price of stocks, etc. of the acquired corporation;
2. Aggregate of money, other than the stocks, etc. of the acquiring corporation that the stockholders, etc. of the acquired corporation acquired by distribution of residual property due to dissolution, and other property.

(10) Where an acquiring corporation is deemed to have acquired the assets of an acquired corporation by transfer at book value as prescribed in Article 37 (3) of the Act, the amount of assets and liabilities acquired by transfer shall be calculated in the market price as of the date of comprehensive transfer of assets, however, the amount calculated by subtracting the book value of the acquired corporation from the market price shall be calculated as an asset adjustment account (hereafter in this Article and Article 35 - 2, referred to as "asset adjustment account") under Article 80 - 4 (1) of the Enforcement Decree of the Corporate Tax Act. In such cases, Article 80 - 4 (1) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to the methods for handling the asset adjustment account calculated.

(11) Where an acquiring corporation is deemed to have acquired by transfer the assets of an acquired corporation at book value as prescribed in Article 37 (3) of the Act, it shall succeed to losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act, tax reduction or exemption or tax credits under Article 59 of the Corporate Tax Act, and the matter of tax adjustment (limited to those relating to assets, liabilities, etc. acquired by transfer from the acquired corporation) under Article 85 of the Enforcement Decree of the Corporate Tax Act. <Amended by Presidential Decree No. 22583, Dec. 30, 2010>

(12) "Period prescribed by Presidential Decree" in Article 37 (6) of the Act, means two years from the commencement date of the business year following the business year in which the date of comprehensive transfer of assets falls. <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(13) Where an acquiring corporation falls under any subparagraph of Article 37 (6) of the Act, the aggregate (limited to where the aggregate is greater than zero; where

the aggregate is less than zero, it shall be deemed nil) of the balance of the asset adjustment account calculated as prescribed in paragraph (10), and the full amount of deduction out of the deficit succeeded from the acquired corporation as prescribed in paragraph (11), shall be calculated in the gross income. In such cases, the asset adjustment account calculated as prescribed in paragraph (10) shall be deemed extinguished.

(14) "Where unavoidable causes prescribed by Presidential Decree arise" in Article 37 (7) of the Act, means any of the following circumstances:

1. Where an unavoidable cause is deemed to have arisen for the purposes of Article 37 (1) 2 and (6) 2 of the Act: Where an acquired corporation or the stockholders, etc. referred to in paragraph (6) fall under any of the items of Article 80 - 2 (1) 1 of the Enforcement Decree of the Corporate Tax Act;
2. Where an unavoidable cause is deemed to have arisen for the purposes of Article 37 (1) 3 and (6) 1 of the Act: Where an acquiring corporation falls under any of the items of Article 80 - 2 (1) 2 of the Enforcement Decree of the Corporate Tax Act.

(15) An acquired corporation that intends to be eligible under Article 37 (1) of the Act, shall file an application for special taxation for comprehensive transfer of assets in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the balance sheet of the acquired corporation as at the date of comprehensive transfer of assets, a statement of the asset adjustment account of the acquiring corporation referred to in paragraph (16), and other documents prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with an acquiring corporation, when filing its tax return for the business year in which the date of comprehensive transfer of assets falls.

(16) An acquiring corporation that intends to be eligible under Article 37 (3) of the Act, shall submit a statement of the asset adjustment account in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when filing its tax return for the business year in which the date of comprehensive transfer of assets falls.

[This Article Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010]

Article 35 - 2 (Special Taxation for Corporations following All - Inclusive Share Swap or Transfer)(1) Where a corporation (limited to domestic corporations and foreign corporations referred to in Article 91 (1) of the Corporate Tax Act; hereafter in this Article, the same shall apply) that is a stockholder of a domestic corporation (hereafter in this Article, referred to as "wholly - owned subsidiary"), conducts an all - inclusive share swap or transfer (hereafter in this Article, referred to as "all - inclusive share swap, etc.") with or to another domestic corporation (hereafter in this Article, referred to as "complete parent company") as prescribed in Article 38 (1) of the Act, and is granted tax deferral, the corporation may include the equivalent to the amount of subparagraph 1 minus the amount of subparagraph 2 in deductible expenses, when calculating the income amount for the business year in which the date of the all - inclusive share swap, etc. falls. In such cases, the amount included in deductible expenses shall be recognized as the advanced depreciation provision of stocks of the complete parent company or of the complete parent company of that complete parent company, acquired through the all - inclusive share swap, etc.:

<Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

1. The amount calculated by subtracting the acquisition price of stocks of the wholly - owned subsidiary transferred through the all - inclusive share swap, etc. from the aggregate of the price of stocks of the complete parent company (referring to stocks of the complete parent company of the complete parent company, if the value of stocks of the complete parent company of the complete parent company is at least 80/100 of the aggregate of the price for the swap or transfer received under Article 38 (1) 2 of the Act; hereafter in this Article, referred to as "stocks of the complete parent company, etc."), acquired through the all - inclusive share swap, etc., money, and value of other property (hereafter in this Article, referred to as "price for the swap or transfer");
2. The smaller of an amount calculated under subparagraph 1, and the aggregate of money, other than stocks of the complete parent company, etc., received as the price for the swap or transfer, and value of other property.

(2) The advanced depreciation provision recognized under paragraph (1) shall be adjusted according to the following formula and be included in the gross income in the business year in which the relevant corporation disposes of the stocks of the

complete parent company, etc. However, where such stocks are retired as treasury stocks, the advanced depreciation provision adjusted as aforementioned shall not be included in the gross income, but be deemed to become extinct. In such cases, if stocks of the complete parent company, etc. have been acquired through any means other than an all - inclusive share swap, etc., stocks acquired through the all - inclusive share swap, etc. shall be deemed transferred first: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

Advanced depreciation provision × (Number of stocks disposed of ÷ Number of stocks acquired through the all - inclusive share swap, etc.)

(3) Where a resident, non - resident, or foreign corporation not falling under Article 91 (1) of the Corporate Tax Act (hereafter in this Article, referred to as "resident, etc."), being a stockholder of a wholly - owned subsidiary, conducts an all - inclusive share swap, etc. with a complete parent company as prescribed in Article 38 (1) of the Act, and is granted tax deferral, capital gains tax shall be imposed, deeming that the smaller of the amounts calculated under subparagraphs 1 and 2, is capital gains: <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

1. An amount calculated by subtracting the acquisition price of stocks of the wholly - owned subsidiary that have been transferred by the all - inclusive share swap, etc., from the price for the swap or transfer;
2. The aggregate of money, other than stocks of the complete parent company, etc., received as the price for the swap or transfer, and value of other property.

(4) When a resident, etc. transfers all or some of the stocks of a complete parent company, etc., acquired under paragraph (3), capital gains tax shall be imposed, deeming the amount calculated by the following formula to be the acquisition price. In such cases, where stocks of the complete parent company, etc. have been acquired through any means other than an all - inclusive share swap, etc., stocks acquired through the all - inclusive share swap, etc. shall be deemed transferred first: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(Acquisition price of stocks of the wholly - owned subsidiary + Capital gains calculated under paragraph (3) - An amount calculated under paragraph (3) 2) × (Number of stocks disposed of ÷ Number of stocks acquired through the all - inclusive share swap, etc.)

(5) Where a complete parent company has acquired stocks of a wholly - owned subsidiary within two years prior to the date of all - inclusive swap or transfer of stocks of a complete parent company for the purposes of determining whether the value of stocks amounts to at least 80/100 of the total price for the swap or transfer as prescribed in Article 38 (1) 2 of the Act, the following amounts shall be deemed given in cash and be added to the total price for the swap or transfer:

1. Where the complete parent company is not a controlling stockholder under Article 43 (7) of the Enforcement Decree of the Corporate Tax Act of the wholly - owned subsidiary as at the date of all - inclusive share swap or transfer: Where the stocks of such wholly - owned subsidiary acquired by the complete parent company within two years prior to the date of all - inclusive share swap or transfer, exceed 20/100 of the total number of outstanding stocks of the wholly - owned company: The acquisition price of such stocks in excess;
2. Where the complete parent company is the controlling stockholder under Article 43 (7) of the Enforcement Decree of the Corporate Tax Act of the wholly - owned subsidiary as at the date of all - inclusive share swap or transfer: The acquisition price of stocks acquired within two years prior to the date of all - inclusive share swap or transfer.

(6) "Stockholders of the wholly - owned subsidiary prescribed by Presidential Decree" in Article 38 (1) 2 and (2) 2 of the Act, means the controlling stockholders under Article 43 (3) of the Enforcement Decree of the Corporate Tax Act of the wholly - owned subsidiary, except: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Relatives by blood or marriage who are at least in the fourth degree of relationship among relatives referred to in Article 43 (8) 1 (a) of the Enforcement Decree of the Corporate Tax Act;
2. Persons whose share holding ratio in the wholly - owned subsidiary as at the date of all - inclusive share swap or transfer, is less than 1/100, and, at the same time, the appraised market value of such share is less than one billion won.

(7) When the stocks of a complete parent company, etc. received as the price for the swap or transfer, are distributed to the stockholders of a wholly - owned subsidiary, stocks of the complete parent company, etc. in at least the amount calculated by the following formula, shall be distributed to the stockholders referred to in paragraph

(6): <Amended by Presidential Decree No. 27848, Feb. 7, 2017> Aggregate of stocks of the complete parent company, etc., paid by the complete parent company as the price for the swap or transfer × Share - holding ratio of the relevant stockholder in the wholly - owned subsidiary

(8) Where a wholly - owned subsidiary disposes of at least 1/2 of the amount of fixed assets held as at the date of all - inclusive share swap or transfer, or does not use it for its business when determining whether the wholly - owned subsidiary continues or closes the business under Article 38 (1) 3 and (2) 1 of the Act, it shall be deemed to have closed its business.

(9) Where a complete parent company has acquired stocks of a wholly - owned subsidiary at book value under Article 38 (2) of the Act, the value of stocks of the wholly - owned subsidiary acquired through an all - inclusive share swap, etc. shall be recognized at the market value as at the date of the all - inclusive share swap or transfer. However, the amount calculated by subtracting the aggregate of the book value of stocks of the wholly - owned subsidiary from the book value shall be recognized as the asset adjustment account. In such cases, the recognized asset adjustment account shall be adjusted by the following formula, and included in the gross income or deductible expenses in the business year in which the relevant stocks are disposed of; and where such stocks are retired as treasury stocks, it shall be excluded from the gross income or deductible expenses, but be deemed to become extinct:

Asset adjustment account × (Number of stocks disposed of ÷ Number of stocks acquired through the all - inclusive share swap, etc.)

(10) The aggregate of the following amounts shall be the aggregate of the book value of stocks of the wholly - owned company referred to in paragraph (9):

1. Stocks held by stockholders referred to in paragraph (6) and stockholders whose share holding ratio is at least 1/100: Acquisition price referred to in Article 97 (1) 1 of the Income Tax Act;
2. Stocks held by a stockholder, other than the stockholders referred to in subparagraph 1: The book value of net assets held by the wholly - owned company as at the date of the all - inclusive share swap or transfer, multiplied by the stockholder ' s equity ratio.

(11) "Period prescribed by Presidential Decree" in Article 38 (2) of the Act, means two years from the commencement date of the business year following the business year in which the date of an all - inclusive share swap or transfer falls. <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(12) Where either of the circumstances provided for in Article 38 (2) of the Act arises with respect to a complete parent company, the balance (limited to where the balance is greater than zero; and balance that is less than zero shall be deemed nil) of the asset adjustment account recognized under paragraph (9), shall be included in the gross income. In such cases, the asset adjustment account recognized under paragraph (9) shall be deemed to become extinct.

(13) "Where extenuating circumstances prescribed by Presidential Decree arise" in Article 38 (3) of the Act, means either of the following circumstances: <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

1. Where extenuating circumstances are deemed to have arisen for the purposes of Article 38 (1) 2 and (2) 2 of the Act: Where a complete parent company and stockholders referred to in paragraph (6) fall under any of the items of Article 80 - 2 (1) 1 of the Enforcement Decree of the Corporate Tax Act;
2. Where extenuating circumstances are deemed to have arisen for the purposes of Article 38 (1) 3 and (2) 1 of the Act: Where a wholly - owned subsidiary falls under any of the items of Article 80 - 2 (1) 2 of the Enforcement Decree of the Corporate Tax Act.

(14) A stockholder of a wholly - owned subsidiary who intends to be eligible under Article 38 (1) of the Act, shall file an application for special taxation for all - inclusive share swap, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, jointly with the complete parent company, when filing his/her tax return for the taxable year in which the date of all - inclusive share swap or transfer falls. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(15) A complete parent company that intends to be eligible under Article 38 (2) of the Act, shall submit a detailed statement of the asset adjustment account in the form prescribed by Ordinance of the Ministry of Strategy and Finance and an account statement of the aggregate of the book value of stocks of a wholly - owned subsidiary, to the head of the tax office having jurisdiction over the place of tax

payment, when filing its tax return for the business year in which the date of all-inclusive share swap or transfer falls.

[This Article Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010]

Article 35 - 3 (Special Taxation for Corporations concerning Incorporation, etc. of Holding Companies) (1) Where a corporation (limited to domestic corporations and foreign corporations referred to in Article 91 (1) of the Corporate Tax Act; hereafter in this Article, the same shall apply), being a stockholder of a domestic corporation, invests in kind with stocks held by it in a holding company or converted holding company, or exchanges such stocks with the stocks of the holding company or converted holding company pursuant to Article 38 - 2 (1) or (2) of the Act, and is granted tax deferral, the corporation shall include the amount (where the amount exceeds the amount calculated by subtracting the book value from the market price of the relevant stocks held, the excess shall be excluded; hereafter in this Article, referred to as "stock transfer gains") calculated by subtracting the book value of the relevant stocks held as at the date immediately preceding the date such investment in kind or exchange was made (hereafter in this Article and in Article 35 - 4, referred to as "investment in kind, etc.") from the price of stocks (referring to the appraised market price under Article 52 (2) of the Corporate Tax Act) of the holding company or converted holding company acquired by investment in kind, etc. as at the date investment in kind, etc. was made in the deductible expenses in calculating the amount of income for such business year. In such cases, said amount shall be recognized as the advanced depreciation provision for such stocks. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22181, Jun. 8, 2010; Presidential Decree No. 22583, Dec. 30, 2010>

(2) The advanced depreciation provision recognized under paragraph (1) shall be included in gross income in the business year in which the stocks of the relevant holding company or converted holding company are transferred (where stocks are acquired by any means, other than investment in kind, etc., the stocks acquired by investment in kind, etc. are deemed transferred first), but where some of such stocks are transferred, the amount calculated by the following formula shall be

included in gross income:

Advanced depreciation provision × (Number of transferred stocks out of stocks of a holding company or a converted holding company, which are acquired by investment in kind or treasury stock swap ÷ Number of stocks of a holding company or a converted holding company, which are acquired by investment in kind or treasury stock swap)

(3) Notwithstanding paragraph (2), where stocks of the relevant holding company or converted holding company are transferred by qualified division that meets the requirements prescribed in Article 82 - 2 (3) 2 of the Enforcement Decree of the Corporate Tax Act (excluding split - offs and mergers by division; hereafter in this paragraph, referred to as "qualified division"), the advanced depreciation provision reflected in the relevant stocks shall not be included in gross income, while the corporation newly established as a consequence of the qualified division shall succeed to the advanced depreciation provision reflected in the stocks as the advanced depreciation provision for the stocks of the holding company or converted holding company, which it acquires by the qualified division, and shall include such advanced depreciation provision calculated by the formula prescribed in paragraph (2) in its gross income. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(4) "Stockholders prescribed by Presidential Decree" in Article 38 - 2 (1) 1 and (3) 4 of the Act, means stockholders, etc. falling under Article 80 - 2 (5) of the Enforcement Decree of the Corporate Tax Act, among stockholders of a corporation that has issued stocks subject to investment in kind, etc. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

(5) Articles 80 - 2 (6) and 80 - 4 (8) of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to determination as to whether a subsidiary continues or closes its business under Article 38 - 2 (1) 2 of the Act (including cases applied mutatis mutandis in Article 38 - 2 (2) of the Act) and Article 38 - 2 (3) 3 of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010 >

(6) Where a holding company or converted holding company acquires the stocks of its subsidiary at the book value pursuant to the former part of Article 38 - 2 (3) of the Act, it shall recognize the value of the subsidiary's stocks acquired through investment in kind, etc. as the market price as at the date such investment in kind, etc. is made, but reflect an amount calculated by subtracting the total book value of

the subsidiary's stocks from the market price in the asset adjustment account. In such cases, the latter part of Article 35 - 2 (9) shall apply mutatis mutandis to handling of the reflected asset adjustment account. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010 >

(7) "Period prescribed by Presidential Decree" in the former part of Article 38 - 2 (3) of the Act, means two years from the commencement date of the business year following the business year in which investment in kind, etc. is made. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

(8) Where any of the causes provided for in the subparagraphs of Article 38 - 2 (3) of the Act arises after a corporation has included the equivalent to the stock transfer gains in the deductible expenses as prescribed in paragraph (1), any balance in the asset adjustment account under paragraph (6) (limited to where the balance is greater than zero; if the balance is less than zero, it shall be deemed nil) shall be included in the deductible expenses pursuant to the former part of Article 38 - 2 (3) of the Act. In such cases, the asset adjustment account recognized under paragraph (5) shall be deemed extinguished. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

(9) Public notice of a treasury stock swap under Article 38 - 2 (2) 3 of the Act, shall be made by publishing the following matters at least once on a nationally - circulated newspaper among the general dailies or the special dailies in the economy field permitted under the Act on the Promotion of Newspapers, Etc.: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22003, Jan. 27, 2010 >

1. The date of the treasury stock swap and the scope of stocks to be swapped;
2. The deadline for, and place of, presenting the stock certificates;
3. The quantity, ratio, and method of the swap;
4. The content that all shareholders are allowed to participate in the swap of treasury stocks, and other matters necessary for the stock swap.

(10) The equivalent to interest payable in addition to corporate tax under the latter part of Article 38 - 2 (3) of the Act, shall be calculated by multiplying the amount specified in subparagraph 1 by the rate specified in subparagraph 2: <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

1. The difference in the amount of corporate tax incurred due to a failure to include the balance in the asset adjustment account to be included in the gross income

under paragraph (8) in the gross income of the business year in which the date of investment in kind, etc. falls for the event prescribed in Article 38 - 2 (3) 2 of the Act;

2. 3/10,000 per day for the period from the commencement date of the business year following the business year in which the date of investment in kind, etc. falls, until the end of the business year in which the balance in the asset adjustment account is added to gross income.

(11) "Cases prescribed by Presidential Decree" in the proviso to Article 38 - 2 (3) 1 of the Act, means where a holding company or converted holding company satisfies, as at the end of each business year, the criteria for holding companies under the Acts and subordinate statutes in effect as at the time it was incorporated or converted into a holding company (referring to the criteria in effect closest to the date of revising criteria, where the holding company's criteria have been revised at least two occasions during the period from after incorporation or conversion to the date of revising criteria), among the period (hereafter in this paragraph, referred to as "grace period") of the business year in which the date of revising the criteria for holding company (hereafter in this paragraph, referred to as "date of revising criteria") due to the amendments of Acts and subordinate statutes (referring to the business year of the relevant holding company that ceases to be a holding company due to a revision of holding company's criteria; hereafter in this paragraph, the same shall apply), and of the business year that ends within four years from the commencement date of the following business year, which remains in the relevant grace period. <Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010 >

(12) Paragraphs (1) and (2) shall apply mutatis mutandis to the deferral of corporate tax under Article 38 - 2 (4) of the Act. In such cases, the amount to be recognized as the advanced depreciation provision shall be the aggregate of the amount of tax deferred under paragraph (1), and the transfer gains accrued by swapping the stocks of the intermediary holding company granted tax deferral with the stocks of the financial holding company that controls the relevant intermediary holding company; and the relevant advanced depreciation provision shall be included in the gross income in the business year in which the stocks of the financial holding company acquired through swap with the stocks of the intermediary holding company are

transferred.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(13) "Where unavoidable causes prescribed by Presidential Decree arise" in Article 38 - 2 (5) of the Act, means any of the following cases:<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where an unavoidable cause is deemed to arise for the purposes of Article 38 - 2 (1) 1 of the Act (including cases applied mutatis mutandis in Article 38 - 2 (2) of the Act) and Article 38 - 2 (3) 4 of the Act: Where a holding company, converted holding company, and stockholders, etc. referred to in paragraph (4), fall under any item of Article 80 - 2 (1) 1 of the Enforcement Decree of the Corporate Tax Act;

2. Where an unavoidable cause is deemed to arise for the purposes of Article 38 - 2 (1) 2 of the Act (including cases applied mutatis mutandis in Article 38 - 2 (2) of the Act) and Article 38 - 2 (3) 3 of the Act: Where a holding company and a subsidiary of a converted holding company, falls under any items of Article 80 - 2 (1) 2 of the Enforcement Decree of the Corporate Tax Act.

(14) Where a corporation, being a stockholder of a domestic corporation, (hereafter in this paragraph and Article 35 - 4 (5), referred to as "subsidiary corporation"), has included stock transfer gains through investment in kind, etc. in deductible expenses as prescribed in paragraph (1), a holding company or converted holding company shall deem the stocks of the subsidiary corporation acquired through investment in kind, etc. to have been acquired at the book value of the corporation, being a stockholder of such subsidiary corporation:<Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010; Presidential Decree No. 22583, Dec. 30, 2010>

1. and 2. Deleted.<by Presidential Decree No. 22583, Dec. 30, 2010>

(15) A corporation that intends to be eligible under Article 38 - 2 (1), (2), and (4) of the Act, shall submit an application for special taxation for investment in kind, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, together with the holding company or converted holding company, when filing its tax return for the business year in which such investment in kind, etc. is made.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22181, Jun. 8, 2010>

(16) A holding company or converted holding company that has acquired stocks of the subsidiary corporation at the book value as prescribed in paragraph (14), shall submit a statement of calculation of the book value of stocks of the subsidiary

corporation prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when filing its tax return for the business year in which investment in kind, etc. is made. <Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Wholly Amended by Presidential Decree No. 17034, Dec. 29, 2000]

Article 35 - 4 (Special Taxation for Residents, etc. concerning Incorporation, etc. of Holding Companies) (1) Where a resident, non - resident, or foreign corporation not falling under Article 91 (1) of the Corporate Tax Act (hereafter in this Article, referred to as "resident, etc."), being a stockholder of a domestic corporation, invests in kind with the stocks in possession in a holding company or converted holding company, or exchanges such stocks with the stocks thereof as prescribed in Article 38 - 2 (1) or (2) of the Act, and is granted tax deferral, no capital gains tax shall be imposed on income accruing from the investment in kind, etc. of such stocks in possession (hereafter in this Article, referred to as "amount of tax deferred on stocks"), but with respect to the transfer of stocks of the said holding company or the converted holding company (where there exist any stocks acquired by a method other than the method of investment in kind, etc., the stocks acquired by investment in kind, etc. shall be deemed first transferred), the capital gains tax shall be imposed, considering the amount obtained by subtracting the amount of tax deferred on stocks from the acquisition value of stocks of a holding company or a converted holding company, as acquisition price. <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22181, Jun. 8, 2010; Presidential Decree No. 22583, Dec. 30, 2010 >

(2) and (3) Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010 >

(4) Paragraph (1) shall apply mutatis mutandis to the taxation deferment of capital gains tax under Article 38 - 2 (4) of the Act. In such cases, the amount for which taxation shall be deferred, shall be the aggregate of the amount of tax deferred under paragraph (1), and the transfer gains accruing from exchanging the stocks of an intermediary holding company granted deferred taxation, with the stocks of a financial holding company that controls the intermediary holding company concerned; and capital gains tax shall be imposed when the stocks of the financial holding

company acquired by exchange with the stocks of such intermediary company, are transferred. <Amended by Presidential Decree No. 21307, Feb. 4, 2009 >

(5) Where capital gains tax on the amount of tax deferred on stocks accruing from investment in kind, etc. made by residents, etc., being the stockholders of a subsidiary corporation, has not been imposed as prescribed in paragraph (1), the holding company or converted holding company shall make the stocks of a subsidiary corporation acquired by investment in kind, etc. as having acquired at the acquisition price of residents, etc., being the stockholders of a subsidiary corporation: <Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010; Presidential Decree No. 22583, Dec. 30, 2010 >

1 and 2. Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010 >

(6) When residents, etc. intending to have Article 38 - 2 (1), (2), and (4) of the Act applied, file a tax return for the taxable year in which the relevant investment in kind, etc. is made, they shall submit an application for special taxation for investment in kind, etc. prescribed by Ordinance of the Ministry of Strategy and Finance together with the holding company or converted holding company. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22181, Jun. 8, 2010 >

(7) When the holding company or converted holding company that has acquired stocks of subsidiary corporation at book value as prescribed in paragraph (5), files a tax return for the business year in which such investment in kind, etc. is made, it shall submit a statement of book value of stocks of subsidiary corporation prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of tax office having jurisdiction over the place of tax payment. <Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010 >

[This Article Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000]

Article 35 - 5 (Special Taxation for Investment in Kind with Stocks, etc. of Foreign

Subsidiary Company by Domestic Corporation)(1) "Amount calculated by the formula prescribed by Presidential Decree" in Article 38 - 3 (2) of the Act, means the amount calculated according to the following arithmetic formula. In such cases, where stocks acquired by a method other than the stocks, etc. acquired by investment in kind exist, the stocks, etc. acquired by investment in kind shall be deemed first transferred: <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

{Amount not included in gross income until the end of the immediately preceding business year, among the equivalent to the transfer margin of the foreign subsidiary 's stocks, etc. accruing from an investment in kind × (Number of stocks, etc. transferred in the relevant business year, among the foreign corporation 's stocks, etc. acquired by investment in kind / Number of stocks, etc. it holds as at the end of the immediately preceding business year, among the foreign corporation 's stocks, etc. acquired by investment in kind)}

(2) Any domestic corporation which intends to be granted special taxation under Article 38 - 3 (1) of the Act, shall submit, to the head of the tax office having jurisdiction over the place of tax payment, a specification of transfer margin of the investment in kind of stocks, etc. and a specification for inclusion in the deductible expenses, in the forms stipulated by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the business year in which the relevant investment in kind is made.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21429, Apr. 21, 2009 >

[This Article Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001]

Article 36 (Special Taxation for Assumption or Payment of Debts)(1) The assumption or payment of debts under Article 39 (1) of the Act (hereafter in this Article, referred to as “ assumption or payment of debts ”), shall be limited to debts assumed or paid in lump sum solely by a stockholder or jointly by stockholders, etc. referred to paragraph (1) of the same Article (hereafter in this Article, referred to as "stockholders, etc.") under a single agreement.

(2) For the purposes of Article 39 (1) through (5) of the Act, the scope of debts shall be limited to those specified in the financial restructuring plan referred to in paragraph (4), which shall contain details of the debts and the plan for assumption or payment of debts by stockholders, etc. and shall include the amounts referred to in the subparagraphs of Article 34 (5) (hereafter in this Article, referred to as "debts to financial institutions").

(3) "Amount prescribed by Presidential Decree" in Article 39 (1) of the Act, means the amount of debts assumed or paid by the relevant stockholders, etc. (hereafter in this Article, referred to as "amount of debts assumed and paid"), out of debts that the corporation subject to transfer, etc. provided for in Article 39 (2) of the Act

(hereafter in this Article, referred to as "corporation subject to transfer, etc."), owes to financial institutions. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(4) "Financial restructuring plan prescribed by Presidential Decree" in Article 39 (1) 1 of the Act, means any of the documents provided for in Article 34 (6) 1 through 4, which state the total amount and details of debts to financial institutions, a plan for assumption and payment of debts by stockholders, etc., and a plan for transfer or liquidation of the corporation (hereafter in this Article, referred to as "financial restructuring plan"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(5) "Person prescribed by Presidential Decree" in Article 39 (1) 1 of the Act, means any person specified in Article 34 (7) 1 through 4. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(6) "Controlling stockholder or investor of the domestic corporation and related persons to such controlling stockholder or investor" in Article 39 (1) 1 of the Act, means a controlling stockholder, etc. and a related party provided for in Article 43 (7) and (8) of the Enforcement Decree of the Corporate Tax Act (hereafter in this Article, referred to as "controlling stockholder, etc.").

(7) "Related party prescribed by Presidential Decree" in Article 39 (1) 1 of the Act, means any person who has the relationship specified in any subparagraph of Article 87 (1) of the Enforcement Decree of the Corporate Tax Act with the relevant domestic corporation or controlling stockholder, etc.

(8) "Amount that exceeds the deficit prescribed by Presidential Decree" in the main sentence of Article 39 (2) of the Act, means the amount (hereafter in this Article, referred to as "amount of debts reduced") calculated by subtracting losses provided for in Article 18 (1) of the Enforcement Decree of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses") from the amount of debts assumed and paid. If the corporation subject to transfer, etc. covers carried - forward losses first with the value of assets it has acquired without consideration under subparagraph 6 of Article 18 of the Corporate Tax Act or with the amount of debts reduced (excluding the amount of debts assumed and paid) due to debt relief or acquittance in such cases, the covered amount shall be subtracted from the carried - forward losses. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(9) An amount that the corporation subject to transfer, etc. must include in its gross income under the former part of Article 39 (3) of the Act, shall be calculated as

follows:

1. In cases falling under Article 39 (3) 1 of the Act: The amount calculated by the following formula: Amount of debts reduced \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one);

2. In cases falling under Article 39 (3) 2 of the Act:

The full amount not included in gross income out of the amount of debts reduced;

3. In cases falling under Article 39 (3) 3 of the Act:

The full amount of debts reduced.

(10) The amount of corporate tax reduction granted to stockholders, etc. that must be paid in addition to corporate tax under the latter part of Article 39 (3) of the Act, shall be calculated as follows:

1. In cases falling under Article 39 (3) 1 of the Act: The amount calculated by the following formula:

Difference in corporate tax, incurred by including the amount of debts assumed and paid in deductible expenses for the business year in which such amount of debts assumed and paid is included in deductible expenses \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one);

2. In cases falling under the main sentence of Article 39 (3) 2 and Article 39 (3) 3 of the Act:

Difference in corporate tax, incurred by including the amount of debts assumed and paid in deductible expenses for the business year in which such amount of debts assumed and paid is included in deductible expenses

(11) "Additional amount equivalent to interest calculated by the formula prescribed by Presidential Decree" in the latter part of Article 39 (3) of the Act and the proviso to Article 39 (3) 2 of the Act, means the aggregate of the following amounts:

1. The amount calculated by multiplying the difference in corporate tax, incurred by excluding the amount that must be included in gross income under paragraph (9) for the business year in which debts are assumed and paid from gross income, by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which debts are assumed and paid, until the end of the business year in which the amount that must be included in the gross income under paragraph (9) is included in the gross income;

(b) 3/10,000 per day;

2. The amount of tax that must be paid under paragraph (10) multiplied by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which debts are assumed and paid, until the end of the business year in which the amount that must be paid under paragraph (10) is paid;

(b) 3/10,000 per day.

(12) For the purposes of Article 39 (3) 1 of the Act, the three - year period shall be calculated, deeming that the period from the date of assumption and payment of debts, until the end of the relevant business year, is one year.

(13) Article 34 (15) and (16) shall apply mutatis mutandis to the calculation of the debt ratio and the standard debt ratio referred to in Article 39 (3) 1 of the Act. In such cases, " amount of debts paid" shall be construed as " total amount of debts assumed and paid."

(14) "Unavoidable cause prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 39 (3) 2 of the Act, means any of the events specified under Article 34 (17).

(15) In cases of a transfer and acquisition of a corporation under Article 39 (4) of the Act, if the relevant stock transfer agreement contains provisions concerning due diligence on assets, the shortfall in assets of the corporation subject to transfer, etc. shall be limited to the shortfall as at the date of stock transfer, as corrected and reflected in accounts after having confirmed by the accounting firm designated by the Securities and Futures Commission established pursuant to Article 19 of the Act on the Establishment, etc. of Financial Services Commission upon request by the corporation subject to transfer, etc.

(16) "Related persons prescribed by Presidential Decree" in the proviso to Article 39 (5) of the Act, means persons who have the relationship specified in any subparagraph of Article 19 (2) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act with the stockholder, etc. who has assumed and paid debts.

(17) The person authorized to approve the financial restructuring plan shall submit details of the financial restructuring plan to the head of the tax office having jurisdiction over the place of tax payment for the corporation subject to transfer, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by

the end of the business year in which such plan for the corporation subject to transfer, etc. is approved (hereafter in this Article, referred to as "business year"); and shall submit a report on performance of the financial restructuring plan to the head of the tax office having jurisdiction over the place of tax payment for the corporation subject to transfer, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the deadline for filing the tax return for any of the following business years. In such cases, where the corporation subject to transfer, etc. submits its financial restructuring plan or a report on performance of its financial restructuring plan, which has been confirmed by the person authorized to approve the financial restructuring plan, to the head of the tax office having jurisdiction over the place of tax payment, such plan or report shall be deemed submitted by the person authorized to approve the financial restructuring plan:

1. The business year in which debts are assumed and paid;
2. The business year in which stocks, etc. are transferred or the liquidation of the corporation is completed under Article 39 (1) 1 or 2 of the Act;
3. Three years following the business year in which stocks, etc. are transferred under Article 39 (1) 1 of the Act.

(18) A stockholder, etc. who wishes to be eligible under Article 39 (1) of the Act, shall submit a plan for transfer/acquisition/liquidation of a corporation, a statement of debts assumed and paid, and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the stockholder, etc. assumes and pays debts.

(19) A corporation that wishes to be eligible under Article 39 (2) of the Act, shall submit a plan for transfer/acquisition/liquidation of a corporation, a statement of debts assumed and paid, and a statement of adjustment for inclusion in gross income in installments, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which its debts are assumed and paid.

[This Article Wholly Amended by Presidential Decree No. 26959, Feb. 5, 2016]

Article 37 (Special Taxation on Corporate Tax, etc. following Transfer of Assets by

Stockholders, etc.)(1) The donation of an asset under Article 40 (1) of the Act, shall be limited to an asset donated solely or jointly by stockholders or investors referred to in Article 40 (1) of the Act (hereafter in this Article, referred to as "stockholder, etc.") at once under a single agreement.

(2) "Amount exceeding the deficit prescribed by Presidential Decree" in Article 40 (1) of the Act, means the amount calculated by applying mutatis mutandis Article 36 (8) (hereafter in this Article, referred to as "gains from donated assets"). In such cases, "amount of debts assumed or paid" shall be construed as "value of assets donated under Article 40 (1) of the Act."

(3) "Financial restructuring plan prescribed by Presidential Decree" in Article 40 (1) 1 of the Act, means any of the documents provided for in Article 34 (6) 1 through 4, which contain a plan for the transfer or donation of assets by stockholders, etc., total amount and details debts to financial institutions referred to in paragraph (10), and a plan for repayment of debts (hereafter in this Article, referred to as "financial restructuring plan"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(4) "Person prescribed by Presidential Decree" in Article 40 (1) 1 of the Act, means any of the persons referred to in Article 34 (7) 1 through 4. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(5) "Deadline prescribed by Presidential Decree" in Article 40 (1) 2 of the Act, means the deadline provided for in Article 34 (4).

(6) "Date prescribed by Presidential Decree" in Article 40 (1) 2 of the Act, means the date a corporation receives an installment (the down payment shall be deemed included in the first installment).

(7) For the purposes of Article 40 (1) and (2) of the Act, Article 162 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the time when an asset is transferred: Provided, That the date provided for in paragraph (6) shall apply to the transfer of assets under long - term installment terms.

(8) "Financial institution prescribed by Presidential Decree" in Article 40 (1) 2 of the Act, means any financial institution referred to in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality.

(9) "Inevitable causes prescribed by Presidential Decree" in Article 40 (1) 2 of the Act, means the causes provided for in Article 34 (3).

(10) The debts paid under Article 40 (1) 2 of the Act shall be limited to those specified in the financial restructuring plan that contains the details of the debts and a repayment plan through donation of assets by stockholders, etc. and mean the amount specified under Article 34 (5) (hereafter in this Article, referred to as "debts to financial institutions").

(11) "Amount prescribed by Presidential Decree" in Article 40 (2) of the Act, means the book value of assets donated by stockholders, etc. (hereafter in this Article, referred to as "amount of donated assets"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(12) "Equivalent to the donated amount prescribed by Presidential Decree" in Article 40 (3) of the Act, means the amount calculated by the following formula (hereafter in this Article, referred to as "equivalent to capital gains"): <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

Capital gains on transfer of an asset under Article 40 (3) of the Act × [Amount donated to a corporation whose financial restructuring plan is approved (hereafter in this Article, referred to as "corporation with an approved financial restructuring plan"), out of the transfer value of the asset ÷ (Transfer value of the asset - Amount of special rural development tax paid by the relevant corporation under the Act on Special Rural Development Tax for the capital gains on transfer of the asset under Article 40 (3) of the Act)]

(13) An amount that shall be included in gross income under the former part of Article 40 (4) of the Act, shall be calculated as follows:

1. In cases falling under Article 40 (4) 1 of the Act: The amount calculated by the following formula: Gains from the donated asset × [Value of the asset donated under Article 40 (1) of the Act (referring to the transfer value in cases of any asset other than money; hereafter in this Article, referred to as "value of the transferred asset") - Amount used to repay debts, out of the value of the transferred asset] ÷ Value of the transferred asset
2. In cases falling under Article 40 (4) 2 of the Act: The amount calculated by the following formula: Gains from donated asset × the debt ratio less the standard debt ratio to the standard debt ratio (if the ratio exceeds one, it shall be deemed one)
3. In cases falling under Article 40 (4) 3 of the Act:

The full amount not included in gross income, out of gains from the donated asset

(14) The amount of tax that shall be collected in addition to corporate tax to be paid by a corporation with an approved financial restructuring plan under Article 40 (4) of the Act, out of the tax reduction or exemption granted to a stockholder, etc. under Article 40 (2) 2 of the Act, shall be as follows:

1. In cases falling under Article 40 (4) 1 of the Act: Difference in corporate tax incurred by including the amount calculated by the following formula in deductible expenses for the business year in which the stockholder, etc. has included the amount of donated assets in deductible expenses: $\text{Amount of the donated asset} \times (\text{Value of the transferred asset} - \text{Amount used to repay debts, out of the value of the transferred asset}) \div \text{Value of the transferred asset}$

2. In cases falling under Article 40 (4) 2 of the Act: The amount calculated by the following formula:

Difference in corporate tax incurred by including the amount of the donated asset in deductible expenses for the business year in which the amount of the donated asset is included in deductible expenses \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

3. In cases falling under the main sentence of Article 40 (4) 3 of the Act:

Difference in corporate tax incurred by including the amount of the donated asset in deductible expenses for the business year in which the amount of the donated asset is included in deductible expenses

(15) The amount of tax that shall be collected in addition to the corporate tax to be paid by a corporation with an approved financial restructuring plan under Article 40 (4) of the Act, out of the tax reduction or exemption granted to a stockholder, etc. under Article 40 (3) of the Act, shall be as follows:

1. Where the stockholder, etc. is a resident: The amount calculated by the following formulas:

(a) In cases falling under Article 40 (4) 1 of the Act: Difference in capital gains tax incurred by including the amount calculated by the following formula for the taxable year, for which capital gains tax on the equivalent to capital gains was not paid, in the calculation of the equivalent to capital gains:

$\text{Equivalent to capital gains} \times (\text{Value of the transferred asset} - \text{Amount used to repay debts out of the value of the transferred asset}) \div \text{the value of the transferred}$

asset

(b) In cases falling under Article 40 (4) 2 of the Act: The amount calculated by the following formula:

Unpaid capital gains tax on the equivalent to capital gains × Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

(c) In cases falling under the main sentence of Article 40 (4) 3 of the Act:

The full amount of unpaid capital gains tax on the equivalent to capital gains

2. Where the stockholder, etc. is a domestic corporation: The amount calculated by the following formulas:

(a) In cases falling under Article 40 (4) 1 of the Act: Difference in corporate tax incurred by excluding the amount calculated by the following formula from gross income for the business year in which the equivalent to capital gains was not included in gross income:

Equivalent to capital gains × (Value of the transferred asset - Amount used to repay debts out of the value of the transferred asset) ÷ Value of the transferred asset

(b) In cases falling under Article 40 (4) 2 of the Act: The amount calculated by the following formula:

Difference in corporate tax incurred by excluding the equivalent to capital gains from gross income for the business year in which the equivalent to capital gains was not included in gross income × Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

(c) In cases falling under the main sentence of Article 40 (4) 3 of the Act:

Difference in corporate income tax incurred by excluding the equivalent to capital gains from gross income for the business year in which the equivalent to capital gains was not included in gross income

(16) For the purpose of Article 40 (4) 2 of the Act, the three - year period shall be counted, deeming that the period from the date debts are repaid (hereafter in this Article, referred to as "date debts are repaid"), until the end of the relevant business, is one year, if debts are repaid during the business year.

(17) Article 34 (15) and (16) shall apply mutatis mutandis to calculating the debt ratio and the standard debt ratio referred to in Article 40 (4) 2 of the Act. In such cases, "amount of debts paid" shall be construed as "amount used to repay debts out

of the value of the transferred asset."

(18) "Unavoidable cause prescribed by Presidential Decree" in the proviso to Article 40 (4) 3 of the Act, means any of the events specified under Article 34 (17).

(19) "Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in the main sentence of Article 40 (5) of the Act, means the aggregate of the following:

1. The amount calculated by multiplying the difference in corporate tax incurred by excluding the amount calculated under paragraph (13) from gross income for the business year in which a corporation receives an asset donated under Article 40 (1) of the Act (hereafter in this Article, referred to as "date the asset is donated") by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which the asset is donated, until the end of the business year in which the amount calculated under paragraph (13) is included in gross income;

(b) 3/10,000 per day;

2. The amount of tax calculated under paragraph (14) or (15), multiplied by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which the amount of tax calculated under paragraph (14) or (15) is not paid, until the end of the business year in which the amount of tax calculated under paragraph (14) or (15) is paid;

(b) 3/10,000 per day.

(20) For the purposes of paragraphs (13) (excluding paragraph (13) 3; hereafter in this paragraph, the same shall apply) and (19) 1, if an amount not included partially or fully in gross income in accordance with Article 40 (1) of the Act is included later in gross income (hereafter in this Article, referred to as "amount already included in gross income") before including the amount calculated under paragraph (13) in gross income, the amount already included in gross income in the order of inclusion in gross income shall be deemed the amount included in gross income under paragraph (13). The additional amount equivalent to interest referred to in paragraph (19) 1 shall be calculated based on the period until the business year in which the amount already included in gross income is included in gross income.

(21) Article 36 (16) shall apply mutatis mutandis to the scope of "related persons" in the proviso to Article 40 (6) of the Act.

(22) Article 34 (18) shall apply mutatis mutandis to how to submit a financial restructuring plan and a report on performance of the financial restructuring plan under Article 40 (7) of the Act. In such cases, "date an asset is transferred" shall be construed as "date an asset is donated."

(23) A corporation who wishes to be eligible under Article 40 (1) of the Act, shall submit a statement of donated assets, debts repaid (or payable), and adjustment for inclusion in gross income in installments, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which an asset is donated. Where the date an asset is donated and the date debts are repaid, fall in different business years, it shall submit a statement of debts paid (or payable) additionally along with its tax return for the business year in which debts are repaid.

(24) A stockholder, etc. who wishes to be eligible under Article 40 (2) of the Act, shall submit an asset donation agreement, a statement of debts paid (or payable), and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the relevant asset is donated.

(25) A stockholder, etc. who wishes to be eligible under Article 40 (3) of the Act, shall submit an asset sale/purchase agreement, a donation agreement, a statement of debts paid (or payable), and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the relevant asset is transferred under the same paragraph.

[This Article Wholly Amended by Presidential Decree No. 21545, Jun. 19, 2009]

Article 38 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 38 - 2 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 39 Deleted. <by [Presidential Decree No. 17458, Dec. 31, 2001](#)>

Article 40 (Reduction or Exemption, etc. of Capital Gains Tax on Acquisitor of Real

Estate Subject to Restructuring)(1) Capital gains accruing for five years from the date of acquisition of real estate subject to restructuring in Article 43 (1) of the Act, means the amount calculated by the following formula as capital gains under Article 95 (1) of the Income Tax Act or capital gains under Article 55 - 2 (1) of the Corporate Tax Act (hereafter in this paragraph, referred to as “ capital gains ”). In such cases, the standard market price for the immediately preceding period shall apply, if a person acquires or transfers the real estate or the fifth anniversary from the date of acquisition arrives, before a new standard market price is publicly notified:

Capital gains × ((Standard market price on the fifth anniversary from the date of acquisition - Standard market price as at the time of acquisition) ÷ (Standard market price as at the time of transfer - Standard market price as at the time of acquisition))

(2) A person who intends to apply for the reduction or exemption of capital gains tax under Article 43 (2) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the taxable year in which the relevant real estate subject to restructuring is transferred.

(3) Upon receipt of an application for tax reduction or exemption under paragraph (2), the head of the tax office having jurisdiction over the place of tax payment shall verify the relevant real estate subject to restructuring with the statement of (planned) payment of debts under Article 37 (25) and the application for tax reduction or exemption.

[[This Article Wholly Amended by Presidential Decree No. 26070, Feb. 3, 2015](#)]

Article 40 - 2 Deleted. <by [Presidential Decree No. 21307, Feb. 4, 2009](#)>

Article 41 (Special Taxation on Gains from Debt Relief of Corporations Implementing

Financial Restructuring Plans, etc.)(1) "Amount that exceeds the deficit prescribed by Presidential Decree" in the Article 44 (1) of the Act, means the amount calculated

by applying mutatis mutandis of Article 36 (8). In such cases, "amount of debts assumed and paid" shall be construed as "equivalent to the debts relieved by financial institutions under Article 44 (1) of the Act": <Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21545, Jun. 19, 2009 >

1 and 2. Deleted.<by Presidential Decree No. 21545, Jun. 19, 2009 >

(2) "Where the domestic corporation is relieved from its debts under an agreement between the financial institutions retaining receivables, as prescribed by Presidential Decree" in Article 44 (1) 3 of the Act, means where the domestic corporation is relieved from its debts under a special agreement to implement a workout program referred to in Article 34 (6) 2.<Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 27127, May 10, 2016 >

(3) "Cases prescribed by Presidential Decree" in Article 44 (1) 4 of the Act, means where a domestic corporation is relieved from its debts according to the timely corrective measures referred to in Article 34 (6) 3.<Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009 >

(4) A corporation that wishes to be eligible under Article 44 (1), (2), and (4) of the Act, shall file a statement of debt relief prepared for each corporation in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which the date of relief of debts falls.<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 27848, Feb. 7, 2017 >

Article 42 (Special Taxation for Reduction of Capital)(1) "Financial restructuring plan prescribed by Presidential Decree" in Article 45 (1) of the Act, means cases falling under any subparagraph of Article 34 (6), which stipulates a donation plan of stock or investment shares (hereafter in this Article, referred to as "stocks, etc.") of stockholders or investors (hereafter in this Article, referred to as "stockholders, etc.") and a retirement plan of donated stocks, etc.

(2) "Person prescribed by Presidential Decree" in Article 45 (1) of the Act, means persons falling under any subparagraph of Article 34 (7).

(3) "Amount exceeding the deficit prescribed by Presidential Decree" in Article 45 (1) of the Act, means the amount calculated by applying mutatis mutandis Article 36 (8). In such cases, "amount subject to takeover and payment of liabilities" shall be construed as "value of stocks, etc. donated under Article 45 (1) of the Act."

(4) Article 36 (16) shall apply mutatis mutandis to the scope of "related persons" referred to in the proviso to Article 45 (3) of the Act.

(5) Any corporation which seeks the benefit under Article 45 (1) of the Act, shall submit, to the head of a tax office having jurisdiction over the place of tax payment, a statement of assets received, its financial restructuring plan, and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return of a business year in which stocks, etc. are donated under the same paragraph.

(6) Any stockholder, etc. who seeks the benefit under Article 45 (2) of the Act, shall submit, to the head of a tax office having jurisdiction over the place of tax payment, a donation deed, his/her financial restructuring plan, and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return of a business year in which stocks, etc. are donated under Article 45 (1) of the Act.

[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009]

Article 42 - 2 (Special Taxation for Split - off following Privatization of Public Enterprises)

(1) "Split - off prescribed by Presidential Decree" in Article 45 - 2 of the Act means any split - off described below:

1. Deleted; <by Presidential Decree No. 25945, Dec. 30, 2014 >

2. Other split - offs of public institutions for restructuring, such as privatization, which are prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Requirements prescribed by Presidential Decree" in Article 45 - 2 of the Act means the following requirements:

1. Split - off shall be eligible under Article 46 (1) 2 and 3 of the Corporate Tax Act;

2. A domestic corporation that have engaged in a business for at least five years as of the date of registration of a split - off is being split - off, meeting the requirements provided for in Article 82 (3) 3 and 4 of the Enforcement Decree of the Corporate Tax Act.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

Article 43 (Special Taxation for Exchange of Stocks, etc. between Enterprises)(1)

Article 36 (6) shall apply mutatis mutandis to the scope of "controlling stockholder or investor of a domestic corporation or a related person to such stockholder or investor" in Article 46 (1) of the Act (hereafter in this Article, referred to as "controlling stockholder, etc.").

(2) "Financial restructuring plan prescribed by Presidential Decree" in Article 46 (1) of the Act, means any of the documents provided for in Article 34 (6) 1 through 4, which stipulates a plan for transfer/acquisition of stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") held by a controlling stockholder, etc.

<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(3) "Person prescribed by Presidential Decree" in Article 46 (1) of the Act, means any of the entities provided for in Article 34 (7) 1 through 4. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(4) "Related party prescribed by Presidential Decree" in Article 46 (1) of the Act, means any person who has any of the relationships prescribed under Article 87 (1) of the Enforcement Decree of the Corporate Tax Act with a corporation subject to exchange defined in the same paragraph (hereafter in this Article, referred to as "exchanged corporation").

(5) In the transfer and acquisition of stocks, etc. under Article 46 (1) of the Act, stocks, etc. of a transferred corporation for exchange defined in Article 46 (1) of the Act (hereafter in this Article, referred to as "transferred corporation for exchange"), shall be distributed in proportion to the holding ratio of stocks, etc. of the relevant corporation among the controlling stockholder, etc. that transfers stocks, etc. of the transferred corporation for exchange.

(6) Pursuant to Article 46 (1) of the Act, a controlling stockholder, etc. may be allowed to defer capital gains tax or corporate tax as follows:

1. If the controlling stockholder, etc is a corporation, it may be allowed to defer capital gains tax or corporate tax as follows:

(a) Capital gains accruing from transfer of stocks, etc. under Article 46 (1) of the Act, shall be the market price at the time of transfer of the stocks, etc. (referring to the market price provided for in Article 52 (2) of the Corporate Tax Act)

minus the book value as of the date preceding the date of transfer day (the capital gains shall not exceed the value of acquired stocks, etc. of the transferred corporation for exchange; hereafter in this Article, referred to as "tax - deferred amount"); and such capital gains shall be recognized as the advance depreciation allowance for the acquired stocks, etc. of the transferred corporation for exchange;

- (b) The advance depreciation provision recognized under item (a) shall be included in gross income for the business year in which the acquired stocks, etc. of the transferred corporation for exchange are transferred, inherited, or donated (if stocks, etc. have been acquired in any manner other than the acquisition as provided for in Article 46 (1) of the Act, the stocks, etc. acquired under the same paragraph shall be deemed first transferred, inherited, or donated; hereafter in this Article, referred to as "disposal"). Where stocks, etc. are disposed of partially, the amount calculated by the following formula shall be included in gross income:

The advance depreciation provision recognized under item (a) × (Number of disposed stocks, etc. out of the acquired stocks, etc. of the transferred corporation for exchange ÷ Number of the acquired stocks, etc. of the transferred corporation for exchange)

2. If the controlling stockholder, etc. is a resident, it may pay capital gains tax, treating the acquisition value of stocks, etc. of the transferred corporation for exchange minus the tax - deferred amount as the acquisition value, when it disposes of stocks, etc. of the transferred corporation for exchange, which it has acquired without paying capital gains tax at the time of transferring stocks, etc. under Article 46 (1) of the Act.

- (7) The shortfall in assets referred to in Article 46 (2) of the Act, shall be limited to the shortfall as at the date of transfer/acquisition of stocks, etc., as corrected and reflected in accounts after having confirmed by the accounting firm designated by the Securities and Futures Commission established pursuant to Article 19 of the Act on the Establishment, etc. of Financial Services Commission upon request by the relevant corporation, where the agreement on the stock exchange between the exchanged corporation and the transferred corporation for exchange contains provisions concerning due diligence on assets.

(8) "Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in the latter part of Article 46 (3) of the Act, shall be calculated as follows:

1. If the controlling stockholder, etc. is a resident: The amount of capital gains tax not paid at the time of transferring stocks, etc. under Article 46 (1) of the Act, multiplied by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the taxable year in which capital gains tax on the tax - deferred amount is not paid at the time of transferring stocks, etc. under Article 46 (1) of the Act, until the end of the taxable year in which capital gains tax on the tax - deferred amount is paid due to any of the grounds specified under Article 46 (3) of the Act;

(b) 3/10,000 per day;

2. If the controlling stockholder, etc. is a domestic corporation: The amount calculated by multiplying the difference in corporate tax incurred by excluding the tax - deferred amount from gross income for the business year in which the tax - deferred amount was not included in gross income, by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which the tax - deferred amount was not included in gross income, until the end of the business year in which the tax - deferred amount is included in gross income due to any of the grounds specified under Article 46 (3) of the Act;

(b) 3/10,000 per day.

(9) The types of business referred to in Article 46 (3) 1 of the Act shall be classified into the sectors under the Korean Standard Industrial Classification.

(10) The amount eligible for tax deferral under Article 46 (4) of the Act, shall be the tax - deferred amount at the time of an investment in kind or a spin - off, which shall not exceed the equivalent to the value of acquired stocks, etc. of the transferred corporation for exchange under Article 46 (1) of the Act; and such amount shall be recognized as the advanced depreciation provision for the stocks, etc. of the transferred corporation for exchange and shall be included in gross income by applying mutatis mutandis paragraph (6) 1 (b).

(11) The person authorized to approve the financial restructuring plan shall submit the details of the financial restructuring plan of an exchanged corporation in the form prescribed by Ordinance Ministry of Strategy and Finance, to the head of a tax office

having jurisdiction over the place of tax payment for the exchanged corporation by the end of the business year (hereafter in this subparagraph, referred to as "business year") in which the exchanged corporation's financial restructuring plan is approved, and submit a report on performance of the financial restructuring plan in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment for the exchanged corporation by the deadline for filing the tax return for the following business years. In such cases, where the exchanged corporation submits its financial restructuring plan or a report on performance of its financial restructuring plan, which has been confirmed by the person authorized to approve the financial restructuring plan, to the head of a tax office having jurisdiction over the place of tax payment, such plan or report shall be deemed submitted by the person authorized to approve the financial restructuring plan:

1. The business year in which stocks, etc. are transferred or acquired under Article 46 (1) of the Act;
2. Three business years following the business year in which stocks, etc. are transferred or acquired under Article 46 (1) of the Act.

(12) A stockholder, etc. who wishes to be eligible under Article 46 (1), (2), and (4) of the Act, shall file an agreement on the exchange of enterprises and a statement of transfer/acquisition of stocks, etc. and an application for tax deferral in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which stocks, etc. are transferred or acquired under the same paragraph.

[\[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009\]](#)

Article 43 - 2 (Special Taxation for Stock Exchange, etc. by Venture Business)(1)

"Strategic partnership program" in Article 46 - 2 (1) 1 of the Act, means a plan under which a venture business intends to establish a cooperative relationship with a third cooperation (hereafter in this Article, referred to as "affiliated corporation") through stock exchange or stock investment in kind (hereafter in this Article, referred to as "stock exchange, etc.") between the stockholders of the affiliated corporation and the venture business by a contract between such venture business

and affiliated corporation in order to improve its productivity improvement and to strengthen its competitiveness, etc.

(2) The contract referred to in paragraph (1) shall satisfy the following requirements that:

1. The venture business and its affiliated corporation shall be the parties to a contract;
2. The details of the business for partnership shall be feasible and specific;
3. Methods for allotting the profits and losses generated from the partnership business shall be determined;
4. The contract shall contain matters pertaining to cooperation, such as technology, information, facilities, human resources, and capital.

(3) "Stockholder who holds at least 10/100 of the total number of stocks issued by a corporation" in Article 46 - 2 (1) of the Act, means a stockholder who holds at least 10/100 of the total number of voting stocks issued by the relevant corporation.

(4) "Related person prescribed by Presidential Decree" in Article 46 - 2 (1) 2 of the Act, means the related party prescribed under Article 1 - 2 (1) and (2) of the Enforcement Decree of the Framework Act on National Taxes; and "special relationship prescribed by Presidential Decree" means the relationship prescribed under Article 1 - 2 (1) and (2) of the Enforcement Decree of the Framework Act on National Taxes. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

(5) "Largest stockholder prescribed by Presidential Decree" in Article 46 - 2 (1) 2 of the Act, means a stockholder who holds the largest number of stocks in total with any person stipulated in paragraph (4). <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

(6) No capital gains tax shall be imposed on the incomes accruing from the stock exchanges, etc. conducted by a stockholder of the affiliated corporation with a venture business under Article 46 - 2 (1) of the Act (hereafter in this Article, referred to as "tax - deferred amount on stocks"), but when any stocks of the venture business acquired by the stock exchanges, etc. have been transferred (where any stocks have been acquired by any means, other than the stock exchanges, etc., such stocks acquired by the stock exchanges, etc. shall be deemed first transferred), the capital gains tax shall be imposed by deeming that the amount calculated by

deducting the tax - deferred amount calculated under paragraph (7), is the acquisition value.

(7) The tax - deferred amount to be deducted from the acquisition value under paragraph (6), shall be calculated by multiplying the tax - deferred amount on stocks by the ratio of the transferred stocks among the stocks acquired by the stockholders of an affiliated corporation through stock exchanges, etc. with the venture business with the stocks held by them.

(8) When any cause for violating Article 46 - 2 (1) 3 of the Act occurs after a stockholder of an affiliated corporation has been allowed to defer capital gains tax under Article 46 - 2 (1) of the Act (a stockholder of an affiliated corporation or a venture business transfers the stocks acquired by stock exchanges, etc. within one year from such acquisition), the stockholder shall pay an amount calculated by multiplying the tax - deferred amount for stocks by the ratio of the stocks remaining as at the date of occurrence of the relevant cause out of the stocks acquired through stock exchange, etc. and by the tax rate under Article 104 (1) of the Income Tax Act valid as at the time of such stock exchange, etc., when filing his/her tax return for the taxable year in which the relevant cause occurs. <Amended by Presidential Decree No. 18704, Feb. 19, 2005>

(9) Any person who intends to apply for deferral of capital gains tax under Article 46 - 2 (3) of the Act, shall submit his/her tax return, and an application for deferred taxation on the transfer gains from the transfer of stocks, such as the exchange of stocks of a venture business, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by his/her strategic partnership program, a contract for stock exchange, and a document prescribed by Ordinance of the Ministry of Strategy and Finance which verifies his/her eligibility for taxation support, to the head of a tax office having jurisdiction over the place of tax payment within two months from the end of the quarter of the month in which stocks are exchanged or investment in kind is made. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>
[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 43 - 3 (Special Taxation for Stock Exchange, etc. between Logistics Enterprises)

(1) Article 43 - 2 (1) through (8) shall apply mutatis mutandis to the special case of taxation for the stock exchange, etc. executed between logistics enterprises for their

strategic partnership under Article 46 - 3 of the Act. In this case, "Article 46 - 2 of the Act" shall be deemed "Article 46 - 3 of the Act," the "venture enterprise" shall be deemed the "logistics corporation that is a partnership counterpart" and the "partnership corporation" shall be deemed the "partnership logistics corporation," respectively.

(2) The scope of the logistics business provided for in Article 46 - 3 (2) of the Act shall be the logistics business provided for in Article 5 (8).

(3) Anyone who intends to file an application for deferring the taxation of the capital gains tax pursuant to Article 46 - 3 (3) of the Act shall report the tax base and file an application for deferring the taxation of the transfer gains accruing from the stock exchange between logistics enterprises, which is prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by a strategic partnership plan and a stock exchange contract, with the head of tax office having jurisdiction over the place of tax payment within two months from the last date of the quarter that belongs to the date on which the stock exchange, etc. are executed. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 43 - 4 (Special Taxation of Corporate Tax on Margins Accruing from Transfer of Self - Logistics Facilities)

(1) "Self - logistics facilities prescribed by Presidential Decree" in the former part of Article 46 - 4 (1) of the Act, means facilities for logistics defined in subparagraph 5 of Article 2 of the Goods Distribution Promotion Act, which are owned and used by a corporation for its own purpose. <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

(2) "Amount calculated pursuant to Presidential Decree" in the former part of Article 46 - 4 (1) of the Act, means the amount calculated by the following arithmetic formula: <Amended by Presidential Decree No. 23590, Feb. 2, 2012 >

(Transfer price of relevant self - logistics facilities - Book value of relevant self - logistics facilities - Aggregate of carried - forward losses prescribed in subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of the immediately preceding business year)

(3) "Amount calculated pursuant to Presidential Decree" in the former part of Article 46 - 4 (2) of the Act, means the full amount not included in gross income in

accordance with Article 46 - 4 (1) of the Act. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(4) "Period fixed by Presidential Decree" in Article 46 - 4 (2) 1 and 2 of the Act, means the period of three subsequent business years after the business year immediately following the business year in which the date of transfer falls. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(5) "Interest rate prescribed by Presidential Decree" in Article 46 - 4 (2) 2 (b) of the Act, means the interest rate prescribed by Ordinance of the Ministry of Strategy and Finance, based upon the time deposit interest rates to which financial institutions apply. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(6) Where Article 46 - 4 (1) and (2) of the Act is applied, the logistics expense shall be the aggregate of the expenses set forth in subparagraphs 1 and 2: <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

1. Logistics expense incurred from logistics activities conducted from the stage of transportation of goods from a supplier and safekeeping and management of the goods in a warehouse to the stage immediately before production process or putting them to a factory;
2. Logistics expense incurred from logistics activities from the stage of commencing the movement of goods after the sales are finalized to the stage of delivering them to a consumer, being returned from a consumer, or being reused or scrapped, as prescribed further by Ordinance of the Ministry of Strategy and Finance.

(7) A domestic corporation that wishes to be eligible under Article 46 - 4 (1) of the Act, shall submit a statement on gains from transfer and a statement on adjustment for inclusion of gross income in installments prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the business year during which the self - logistics facilities are transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 43 - 5 (Special Taxation on Division of Logistics Business)(1) "Corporation specialized in logistics prescribed by Presidential Decree" in the main sentence of

Article 46 - 5 of the Act, with the exception of its subparagraphs, means any of the following corporations: <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. A corporation whose assets used for the distribution business under Article 5 (8) out of the corporation's asset value have a greater value (referring to the value of assets on the balance sheet as of the end of the business year immediately preceding the business year on which the registration date of the division falls; hereafter the same shall apply in this subparagraph);
2. A corporation whose sales generated from the logistics business under Article 5 (8) out of the corporation's sales amount have a greater amount (referring to the sales on the income statement for the business year immediately preceding the business year on which the registration date of the division falls; hereafter the same shall apply in this subparagraph).

(2) "Assets prescribed by Presidential Decree" in the main sentence of Article 46 - 5 of the Act, with the exception of its subparagraphs, means tangible fixed assets provided for in Article 24 (1) 1 of the Enforcement Decree of the Corporate Tax Act.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(3) "One conducted as prescribed by Presidential Decree" in subparagraph 1 of Article 46 - 5 of the Act means a split - off that satisfies all requirements under subparagraphs of Article 82 (3) of the Enforcement Decree of the Corporate Tax Act.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 43 - 6 (Special Taxation for Succession to Deficits Carried Forward Following Merger of Logistics Corporations)

"Amount determined by Presidential Decree" in the main sentence of Article 46 - 6 of the Act, with the exception of its subparagraphs, means the deficit succeeded in accordance with Article 81 (1) of the Enforcement Decree of the Corporate Tax Act.

<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 43 - 7 (Special Taxation for Swap of Unlisted Stocks, etc. for Strategic Partnership)

(1) "Small or medium enterprises which invest at least five percent of their sales prescribed by Presidential Decree in research and development of human

resources" in Article 46 - 7 (1) of the Act, means small or medium enterprises which invest at least five percent of their sales in research and development of human resources referred to in Article 9 (2) 1 of the Act in the business year immediately preceding the business year in which the date of a stock swap or an investment in kind falls.

(2) " Stockholder who holds at least 10/100 of the total number of stocks issued " in Article 46 - 7 (1) of the Act, means a stockholder who holds at least 10/100 of the total number of voting stocks issued by the relevant corporation.

(3) " Strategic partnership program " in Article 46 - 7 (1) 1 of the Act, means a plan under which a venture business (including small or medium enterprises prescribed in paragraph (1)); hereafter in this Article, referred to as "venture business, etc.") intends to establish a cooperative relationship with a corporation which is a stock company (hereafter in this Article, referred to as "affiliated corporation") through a contract entered into by no later than December 31, 2018, to improve its productivity and strengthen its competitiveness. <Amended by Presidential Decree No. 27649, Dec. 1, 2016 >

(4) The contract referred to in paragraph (3) shall meet the following requirements that:

1. A venture business, etc. and an affiliated corporation shall be parties to such contract;
2. The details of the business for partnership shall be feasible and specific;
3. The method for distributing profits and losses generated from the partnership business shall be determined;
4. The contract shall include provisions concerning cooperation in technology, information, facilities, human resources, capital, etc.

(5) "Related person prescribed by Presidential Decree" in Article 46 - 7 (1) 2 of the Act, means a person in any the relationships prescribed under Article 1 - 2 (1) or (2) of the Enforcement Decree of the Framework Act on National Taxes (hereafter in this Article, referred to as "related person"); and "special relationship prescribed by Presidential Decree" means any relationship prescribed under Article 1 - 2 (1) or (2) of the Enforcement Decree of the Framework Act on National Taxes.

(6) "Largest stockholder prescribed by Presidential Decree" in Article 46 - 7 (1) 2 of the Act, means a stockholder who holds the largest number of stocks in total with

his/her related persons, out of the total number of voting stocks of a corporation.

(7) No capital gains tax shall be imposed on gains (hereafter in this Article, referred to as "tax - deferred amount on stocks") accrued to a stockholder of a venture business, etc. through a stock swap with an affiliated corporation or a stockholder of the affiliated corporation or through an investment in kind under Article 46 - 7 (1) of the Act (hereafter in this Article, referred to as "stock swap, etc."); however, when the stockholder transfers any stocks of the affiliated corporation acquired through the stock swap, etc. (where he/she has acquired any stocks by any means other than the stock swap, etc., the stocks acquired through such stock swap, etc. shall be deemed first transferred), capital gains tax shall be imposed, deeming that the amount calculated by the following formula is the acquisition value thereof:

Acquisition value of transferred stocks among stocks acquired through the stock swap, etc. - (Tax - deferred amount on stocks × Number of transferred stocks ÷ Number of stocks acquired through the stock swap, etc.)

(8) When any cause for violating Article 46 - 7 (1) 3 of the Act occurs after a stockholder of a venture business, etc. has been allowed to defer capital gains tax under Article 46 - 7 (1) of the Act, the stockholder shall pay an amount calculated by multiplying the tax - deferred amount on stocks by the ratio of remaining stocks as at the date of occurrence of the relevant cause to the stocks acquired through a stock swap, etc. and by the tax rate prescribed under Article 104 (1) of the Income Tax Act valid as at the time of the stock swap, etc., when filing his/her tax return for the taxable year in which the relevant cause occurs.

(9) Any person who intends to apply for deferral of capital gains tax under Article 46 - 7 (3) of the Act, shall file his/her tax return and an application for tax deferral on capital gains from the stock swap, etc. of an unlisted corporation, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with his/her strategic partnership program, a stock swap agreement, and a document prescribed by Ordinance of the Ministry of Strategy and Finance which verifies his/her eligibility for tax support, within two months from the end of the quarter in which the date of the stock swap, etc. falls.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 43 - 8 (Special Taxation for Re - Investment in Venture Businesses, etc. after Sale

of Stocks)(1) "Stockholder prescribed by Presidential Decree" in the main sentence of Article 46 - 8 (1) of the Act, means a founder or an incorporator of a venture business or 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"), which is a stockholder of an enterprise for sale (hereafter in this Article, referred to as "stockholder of an enterprise for sale"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(2) "Percentage prescribed by Presidential Decree" in the main sentence of Article 46 - 8 (1) of the Act, means 30/100 of the stocks held by a stockholder of an enterprise for sale.<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(3) "Related party prescribed by Presidential Decree" in the main sentence of Article 46 - 8 (1) and Article 46 - 8 (1) 2 of the Act, means a person in a relationship prescribed under Article 1 - 2 (1) or (2) of the Enforcement Decree of the Framework Act on National Taxes (hereafter in this Article, referred to as "related party"); and "special relationship prescribed by Presidential Decree" in Article 46 - 8 (1) 2 of the Act, means a relationship prescribed under Article 1 - 2 (1) or (2) of the Enforcement Decree of the Framework Act on National Taxes.

(4) "Largest stockholder prescribed by Presidential Decree" in Article 46 - 8 (1) 2 of the Act, means a stockholder who holds the largest number of stocks in total with his/her related parties, out of the total number of voting stocks of a corporation. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(5) "Period prescribed by Presidential Decree" in Article 46 - 8 (1) 1 of the Act, means six months from the deadline for filing a preliminary return on capital gains accruing from the sale of stocks of an enterprise for sale, as specified under Article 105 of the Income Tax Act.<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(6) "Venture business investment trust prescribed by Presidential Decree" in Article 46 - 8 (1) 1 (b) of the Act, means a trust that fully meets the following conditions (hereafter in this Article, referred to as "venture business investment trust") that:
1. It shall be an investment trust established under the Financial Investment Services and Capital Markets Act (excluding special accounts of insurance companies under Article 251 of the same Act; hereinafter referred to as "investment trust") and the contract period shall be at least three years;

2. It shall be traded through a bankbook;

3. It shall be managed by investing (referring to an investment defined in Article 2 (2) of the Act on Special Measures for the Promotion of Venture Businesses) at least 50/100 of the assets held in a trust in venture businesses within six months from the date of establishment of the trust.

(7) Re - investment referred to in Article 46 - 8 (1) 1 (c) of the Act, means an investment made by a fund established under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses (hereafter in this Article, referred to as "private investment fund") with an amount of money contributed by residents, in a venture business, etc. by the end of the taxable year following the taxable year in which the date of such contribution falls; and "small or medium enterprise prescribed by Presidential Decree for which three years have not passed since its incorporation" in Article 46 - 8 (1) 1 (c) of the Act, means a small or medium enterprise for which three years have not passed since its incorporation, the technology of which is highly appreciated as prescribed in Article 2 - 2 (1) 2 (c) (iii) of the Act on Special Measures for the Promotion of Venture Businesses.

(8) No capital gains tax shall be imposed on gains accruing from the transfer of stocks of an enterprise for sale under Article 46 - 8 (1) of the Act (hereafter in this Article, referred to as "tax - deferred amount on stocks"); however, when any stocks or equity shares (hereafter in this Article, referred to as "stocks etc.") acquired by a re - investment, are transferred (where any stocks have been acquired by any means other than the re - investment, the stocks, etc. acquired by such re - investment shall be deemed first transferred), capital gains tax shall be imposed, deeming that the amount calculated by the following formula is the acquisition value thereof:

Acquisition value of transferred stocks, etc. among stocks, etc. acquired by the re - investment - $(\text{Tax - deferred amount on stocks} \times \text{Number of transferred stocks} \div \text{Number of stocks, etc. acquired by the re - investment})$

(9) When any cause for violating Article 46 - 8 (1) 1 of the Act occurs after a stockholder of an enterprise for sale has been allowed to defer capital gains tax under Article 46 - 8 (1) of the Act, the stockholder shall be deemed to have filed his/her preliminary return, but have not paid the capital gains tax.

(10) A stockholder of an enterprise for sale shall pay capital gains tax on gains from the sale of stocks of the enterprise for sale and a penalty tax under Article 47 - 4 (1)

of the Framework Act on National Taxes, along with his/her tax return, immediately after a cause for violating Article 46 - 8 (1) 1 of the Act occurs.

(11) When any cause for violating Article 46 - 8 (1) 3 of the Act occurs after a stockholder of an enterprise for sale has been allowed to defer capital gains tax under Article 46 - 8 (1) of the Act, the stockholder shall pay an amount calculated by multiplying the tax - deferred amount on stocks by the ratio of remaining stocks as at the date of occurrence of the relevant cause to the stocks acquired by the re - investment and by the tax rate prescribed under Article 104 (1) of the Income Tax Act valid as at the time of transfer of the stocks to sell the enterprise, when filing his/her tax return for the taxable year in which the relevant cause occurs.

(12) Any person who intends to apply for deferral of capital gains tax under Article 46 - 8 (2) of the Act, shall file his/her tax return on capital gains under Article 105 of the Income Tax Act and an application for tax deferral on gains from the transfer of stocks through a re - investment, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with a stock sale/purchase agreement and a document prescribed by Ordinance of the Ministry of Strategy and Finance which verifies his/her eligibility for tax support: Provided, That the person shall submit a certificate of re - investment in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment after making an re - investment. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(13) "Grounds prescribed by Presidential Decree" in Article 46 - 8 (3) of the Act, means any of the following:

1. Death of a stockholder of an enterprise for sale;
2. Emigration of all members of a household to a foreign country under the Emigration Act;
3. Occurrence of a serious loss to property occurs due to a natural disaster.

(14) If any of the grounds specified under paragraph (13) arises, the relevant stockholder shall file his/her tax return on capital gains and pay capital gains tax on the tax - deferred amount within the period specified in Article 105 of the Income Tax Act, deeming that the date the relevant ground arises, is the date of transfer. In such cases, the applicable capital gains tax rate shall be the tax rate prescribed in

Article 104 (1) of the Income Tax Act valid as at the time stocks of the enterprise for sale are transferred.<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 44 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

Article 44 - 2 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

Article 44 - 3 (Scope of Carry - Over Deficits to be Succeeded at Time of Merger of Venture Business)

"Amount prescribed by Presidential Decree" in the part other than subparagraphs of Article 47 - 3 of the Act means the amount of succeeded deficits under Article 81 (1) of the Enforcement Decree of the Corporate Tax Act.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 44 - 4 (Special Taxation for Transfer of Redundant Assets following Merger)(1)

"Domestic corporations engaging in the type of business prescribed by Presidential Decree, including pharmaceutical business" in the former part of Article 47 - 4 (1) of the Act, means domestic corporations engaging mainly in any of the following business activities. In such cases, the main business shall be determined according to the Korean Standard Industrial Classification based on the business year immediately preceding the business year in which the merger is registered; and where a domestic corporation engages in at least two different businesses, the one with the largest turnover shall be deemed the main business: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017>

1. Manufacture of pharmaceuticals, medicinal chemicals and botanical products;
2. Manufacture of medical appliances and instruments;
3. Construction;
4. Sea and coastal water transportation;
5. Shipbuilding;
6. Manufacture of basic iron and steel;
7. Manufacture of basic organic chemicals;

8. Manufacture of synthetic rubber and plastics in primary forms.

(2) "Redundant asset" in the former part of Article 47 - 4 (1) of the Act, means a tangible fixed asset for business, the use of which is identical or similar to an asset used directly for the business of corporations, parties to a merger (including a merger by division).

(3) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(4) "Amount calculated by the formula prescribed by Presidential Decree" in the former part of Article 47 - 4 (1) of the Act, means the aggregate of the amounts prescribed in subparagraphs 1 and 2:<Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

1. The amount calculated by applying mutatis mutandis Article 30 (4) 1. In such cases, "fixed assets for the pre - conversion business" shall be construed as "redundant assets";

2. In cases of a redundant asset succeeded from a merged corporation, the equivalent to the gains on the valuation of the redundant asset upon the merger or gains on the valuation of the redundant asset upon the division;

3. Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(5) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(6) "Amount calculated by the formula prescribed by Presidential Decree" in the former part of Article 47 - 4 (2) of the Act, means the full amount of capital gains excluded from gross income, where such capital gains are excluded from gross income in accordance with the former part of Article 47 - 4 (1) of the Act:<Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 27848, Feb. 7, 2017>

1. and 2. Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(7) A corporation that wishes to be eligible under Article 47 - 4 (1) of the Act, shall file a statement of capital gains and adjustment for inclusion in gross income in installments in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which a redundant asset is transferred.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006]

SECTION 6 Special Taxation for Restructuring of Financial Institutions

Article 45 (Special Taxation for Reserves for Structural Improvement)(1) "Reserves for structural improvement prescribed by Presidential Decree" in Article 48 (1) of the Act, means those reserved to use for structural improvement of a mutual savings bank, such as acquisition of an insolvent mutual savings bank and increase of capital of/lending to a mutual savings bank acquired, which purpose, management, operation methods, etc. thereto is publicly notified by the Financial Services Commission through discussion with the Minister of Strategy and Finance.

(2) The amount to be included in the gross income pursuant to Article 48 (5) of the Act, shall be as follows:

1. Cases falling under Article 48 (5) 1 or 3 of the Act: The balance of the reserves for structural improvement;
2. Cases falling under Article 48 (5) 2 of the Act: The equivalent to that transferred to other accounts of the Korea Federation of Saving Banks from the account of reserves for structural improvement.

(3) The Korea Federation of Saving Banks which intends to be eligible under Article 48 (1) through (4) of the Act, shall submit, to the head of the tax office having jurisdiction over the place of tax payment, a specification for loss compensation reserves prescribed in Ordinance of the Ministry of Strategy and Finance, along with its tax return.

[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009]

Article 46 Deleted. <by [Presidential Decree No. 17034, Dec. 29, 2000](#)>

Article 47 Deleted. <by [Presidential Decree No. 17458, Dec. 31, 2001](#)>

Article 48 Deleted. <by [Presidential Decree No. 17458, Dec. 31, 2001](#)>

Article 48 - 2 Deleted. <by [Presidential Decree No. 21307, Feb. 4, 2009](#)>

Article 48 - 3 Deleted. <by [Presidential Decree No. 21307, Feb. 4, 2009](#)>

Article 49 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000 >

Article 50 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 51 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 51 - 2 (Special Taxation for Self - Managed Real Estate Investment Companies, etc.)(1) and (2) Deleted. <by Presidential Decree No. 19888, Feb. 28, 2007 >

(3) "Size prescribed Presidential Decree" in Article 55 - 2 (4) of the Act, means the size of national housing defined under the Housing Act (referring to the area based on the exclusive use area per household in cases of multi - unit houses stipulated by Ordinance of the Ministry of Strategy and Finance).<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18557, Oct. 5, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(4) "Houses below the size prescribed by Presidential Decree" in Article 55 - 2 (5) 1 and 2 of the Act, means the following houses:<Newly Inserted by Presidential Decree No. 23039, Jul. 25, 2011; Presidential Decree No. 26959, Feb. 5, 2016 >

1. Houses referred to in Article 55 - 2 (5) 1 of the Act: Houses with a total floor area (or an exclusive use area, in cases of multi - family housing) of not more than 85 square meters;
2. Houses referred to in Article 55 - 2 (5) 2 of the Act: Houses with a total floor area (or an exclusive use area, in cases of multi - family housing) of not more than 149 square meters.

(5) Any self - managed real estate investment company that intends to be eligible under Article 55 - 2 (4) and (5) of the Act, shall file an application for income deductions in the form stipulated by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the tax return of corporate tax.<Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23039, Jul. 25, 2011 >

[This Article Newly Inserted by Presidential Decree No. 17336, Aug. 14, 2001]

Article 52 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 53 (Scope of Securities Market Stabilization Fund, etc.)

"Association determined by Presidential Decree" in Article 57 of the Act means the cooperative falling under any of the following subparagraphs: <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

1. A cooperative under each item of Article 111 (1) 6 of the Enforcement Decree of the Corporate Tax Act;
2. A cooperative established for stabilization of the investment trust market, that is prescribed by Ordinance of the Ministry of Strategy and Finance.

SECTION 7 Special Taxation for Balanced Regional Development

Article 54 (Scope, etc. of Factory)(1) "Factory" in Articles 60, 63, and 63 - 2 of the Act means a manufacturing establishment or an automobile maintenance shop as prescribed by Ordinance of the Ministry of Strategy and Finance, that is an independent entity by unit of manufacturing or business. <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008 >

(2) "Classification prescribed by Presidential Decree" in Article 60 (3) of the Act means the subclassification in the Korea Standard Industrial Classification. <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 23590, Feb. 2, 2012 >

(3) and (4) Deleted. <by Presidential Decree No. 16584, Oct. 30, 1999 >

Article 55 Deleted. <by Presidential Decree No. 16584, Oct. 30, 1999 >

Article 56 (Special Taxation for Corporate Tax on Relocating Factories to Outside of Large City)(1) Relocation of a factory in a large city to a local area subject to Article 60 (2) of the Act, shall fall under any of the following cases: Provided, That, where the site of factories in a large city or of provincial factories exceeds the standard size for factory sites prescribed by Ordinance of the Ministry of Strategy and

Finance, Article 60 (2) of the Act shall not apply to such excess: <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

1. Where a factory in a large city is transferred within two years from the date a business is commenced at a factory relocated to a local area;
2. Where a business is commenced at an existing factory acquired in a local area within one year from the date a factory in a large city is transferred;
3. Where a business is commenced after completing the construction of a factory in a local area within three years from the date a factory in a large city is transferred.

(2) "Large city prescribed by Presidential Decree" in the former part of Article 60 (2) of the Act, means any of the following areas:<Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21196, Dec. 31, 2008>

1. Over - concentration control region of the Seoul Metropolitan area;
2. Jurisdictional areas of the Busan Metropolitan City (excluding Gijang - gun), Daegu Metropolitan City (excluding Dalseong - gun), Gwangju Metropolitan City, Daejeon Metropolitan City, and Ulsan Metropolitan City: Provided, That the industrial complex designated by the Industrial Sites and Development Act shall be excluded.

(3) "Amount computed by the formula prescribed by Presidential Decree" in Article 60 (2) of the Act, means the amount calculated by multiplying the amount under subparagraph 1 less the amount under subparagraph 2 by the ratio under subparagraph 3:<Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009>

1. The amount obtained by subtracting the book value of a factory in a large city from the transfer price of the factory;
2. The amount of loss carried forward under subparagraph 1 of Article 13 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;
3. The ratio (limited to 100/100 at the maximum) occupied in the transfer price of the factory in a large city by the aggregate of the expenses for relocation of

factory facilities and of the amount required for the acquisition, replacing, enlargement, or extension of the buildings, appurtenant land, and machinery of a relocated factory.

(4) For the purposes of paragraph (3), the estimated price indicated in the written plan for relocation shall apply to any case falling under paragraph (1) 2 or 3 by not later than the date a business is commenced at the factory under paragraph (1) 2 or 3, respectively. <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001 >

(5) "Where a domestic corporation fails to commence a business by acquiring a local factory, as prescribed by Presidential Decree, or closes its business, or is dissolved" in the former part of Article 60 (4) of the Act, means any of the following cases: <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Where it fails to commence the business under the conditions as listed under paragraph (1);
2. Where the business is discontinued or dissolved.

(6) "Amount calculated by the formula prescribed by Presidential Decree" in Article 60 (4) of the Act, means any of the following amounts: <Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Where a domestic corporation that has not included the transfer margin in its gross income under Article 60 (2) of the Act, fails to commence a business suited to paragraph (1) 2 or 3, the amount not included in gross income;
2. Where the amount not included in gross income based on the estimated value under paragraph (4), exceeds the amount calculated pursuant to paragraph (3), such excess;
3. Where the business is discontinued or dissolved before the amount not included in gross income under Article 60 (2) of the Act is included in full in gross income, the amount not included in gross income at the time of business discontinuance or dissolution.

(7) Any domestic corporation which intends to be eligible under Article 60 (6) of the Act, shall submit, to the head of the tax office having jurisdiction over the place of tax payment, a specification of gains from the transfer of land, etc. prescribed by Ordinance of the Ministry of Strategy and Finance accompanied by the following

documents, along with its tax return for the taxable year in which the factory in a large city is transferred: <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18312, Mar. 17, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

1. In cases falling under paragraph (1) 1, a report on completion of re - location prescribed by Ordinance of the Ministry of Strategy and Finance;
2. In cases falling under paragraph (1) 2 or 3, a written plan for the relocation prescribed by Ordinance of the Ministry of Strategy and Finance. In such cases, where a business is commenced under paragraph (1) 2 or 3, a report on completion of relocation prescribed by Ordinance of the Ministry of Strategy and Finance shall be furnished, along with its tax return for the taxable year in which such business is commenced.

Article 57 (Special Taxation for Corporate Tax on Capital Gains following Relocation of Corporation's Head Office to Outside of Over - Concentration Control Region of Seoul Metropolitan Area)(1) Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002 >

(2) A domestic corporation is eligible under Article 61 (3) of the Act in any of the following cases: <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002 >

1. Where the domestic corporation transfers the site and buildings of the head office or principal place of business in the over - concentration control region of the Seoul Metropolitan area (hereinafter referred to as "head office in the over - concentration control region of the Seoul Metropolitan area") within two years from the date it has relocated the head office in the over - concentration control region of the Seoul Metropolitan area to an area outside of the over - concentration control region of the Seoul Metropolitan area;
2. Where the domestic corporation relocates the head office or principal place of business to an area outside of the over - concentration control region of the Seoul Metropolitan area within three years from the date it has transferred the site and buildings of the head office in the over - concentration control region of the Seoul Metropolitan area.

(3) Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

(4) "Amount computed by the formula prescribed by Presidential Decree" in Article 61 (3) of the Act, means the amount calculated by multiplying the amount of subparagraph 1 minus the amount of subparagraph 2 by the ratio of subparagraph 3: <Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009 >

1. The transfer value of the head office in the over - concentration control region of the Seoul Metropolitan area minus the book value of such asset;
 2. The amount of carried - forward losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of the business year immediately preceding the business year in which the head office in the over - concentration control region of the Seoul Metropolitan area is transferred;
 3. The ratio (which shall not exceed 100/100) of the aggregate of the following amounts to the transfer value of the head office in the over - concentration control region of the Seoul Metropolitan area:
 - (a) The acquisition value or lease deposit (including the key money for lease on a deposit basis; hereinafter the same shall apply) of the site and buildings of the head office or principal place of business of a corporation located outside of the over - concentration control region of the Seoul Metropolitan area: Provided, That, if a portion of the buildings is not used directly by the corporation, it shall be calculated by multiplying the acquisition value or lease deposit by the ratio of the floor area used directly by such corporation to the total floor area of such buildings;
 - (b) The acquisition value of a fixed business asset (excluding the site and buildings referred to in item (a)) belonging to the head office or principal place of business of a corporation located outside of the over - concentration control region of the Seoul Metropolitan area within one year from the date the head office in the over - concentration control region of the Seoul Metropolitan area is transferred;
 - (c) Expenses incurred in relocating the head office in the over - concentration control region of the Seoul Metropolitan area.
- (5) Where a portion of a corporation' head office in the over - concentration control region of the Seoul Metropolitan area is used directly by the corporation for its

business, and other portions are used by any third person, Article 61 of the Act shall apply to the portion that the corporation has used directly for its business for at least two years retroactively from the date of transfer (or the date the head office in the over - concentration control region of the Seoul Metropolitan area is relocated, in cases falling under paragraph (2) 1), as calculated by the ratio of the area used directly by it to the total floor area.<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(6) For the purposes of paragraph (4), the estimated prices stated in a relocation plan or plan for use of disposal proceeds referred to in the former part of paragraph (11) 2 shall be used in cases falling under paragraphs (2) 2 and (4) 3 (b) by no later than the completion of relocation or use.<Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001>

(7) "Where the domestic corporation relocates its head office or principal place of business to an area outside of the over - concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree" in Article 61 (5) 1 of the Act, means relocation prescribed under paragraph (2).<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010>

(8) "Exceeding the criteria prescribed by Presidential Decree" in Article 61 (5) 2 of the Act, means where the annual average number of full - time employees engaging in the affairs of the head office in the office located in the over - concentration control region of the Seoul Metropolitan area (referring to the number of personnel calculated by aggregating the number of full - time employees as at the end of each month in the relevant taxable year and then dividing the total number of full - time employees by the number of months; hereafter in this Article and Article 60 - 2, the same shall apply) after the end of the taxable year falling on the third anniversary from the date of relocation of the head office to an area outside of the over - concentration control region of the Seoul Metropolitan area, is at least 50/100 of the annual average number of full - time employees engaging in the affairs of the head office.<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015>

(9) "Where the domestic corporation disburses the proceeds for any purpose other than purposes prescribed by Presidential Decree" in Article 61 (5) 3 of the Act,

means disbursing the proceeds for any purposes other than the following purposes. In such cases, if any portion of the site and buildings of the head office located outside of the over - concentration control region of the Seoul Metropolitan area, which are not used directly by the relevant corporation for the purpose of subparagraph 1, such portion shall be deemed used for other purposes:<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010>

1. Where the site and buildings of the head office located outside of the over - concentration control region of the Seoul Metropolitan area, are acquired or leased within the period specified under paragraph (2);
2. Where the fixed business assets belonging to the head office located outside of the over - concentration control region of the Seoul Metropolitan area (excluding the site and buildings referred to in subparagraph 1), are acquired within one year from the date the head office in the over - concentration control region of the Seoul Metropolitan area is transferred.

(10) "Amount calculated by the formula prescribed by Presidential Decree" in the former part of Article 61 (5) of the Act, means the following applicable amount:<Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 22037, Feb. 18, 2010>

1. In cases falling under Article 61 (5) 1 or 2 of the Act, the amount not yet included in gross income as at the date the relevant event occurs;
2. In cases falling under Article 61 (5) 3 of the Act or where the amount is not yet included in gross income based on the estimated value under paragraph (6), the amount not yet included in gross income minus the amount calculated under paragraph (4);
3. Where a domestic corporation closes its business or is dissolved before it fully including the amount not yet included in gross income under Article 61 (3) of the Act in gross income, the amount not yet included in gross income as at the time of business closure or dissolution.

(11) A domestic corporation that intends to be eligible under Article 61 (6) of the Act, shall file a statement of capital gains on transfer of land, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the following documents, with the head of the tax office having jurisdiction over the place of tax

payment, along with its tax return for the taxable year in which the date of transfer of its head office in the over - concentration control region of the Seoul Metropolitan area falls: <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 20720, Feb. 29, 2008>

1. In cases falling under paragraph (2) 1, a relocation completion report and a plan for use of the disposal proceeds in the forms prescribed by Ordinance of the Ministry of Strategy and Finance. In such cases, where the domestic corporation acquires a fixed business asset referred to in paragraph (4) 3 (b) or (9) 2, it shall submit a statement on use of the disposal proceeds in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the taxable year in which the date of acquisition falls;
2. In cases falling under paragraph (2) 2, a relocation plan and a plan for use of the disposal proceeds in the forms prescribed by Ordinance of the Ministry of Strategy and Finance. In such cases, where the domestic corporation relocates its head office or principal place of business outside of the over - concentration control region of the Seoul Metropolitan area under paragraph (2) 2, it shall submit a relocation completion report and a statement on use of the disposal proceeds in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the taxable year in which the date of relocation falls.

(12) “ Classification prescribed by Presidential Decree ” in Article 61 (4) of the Act, means the sub - sectors under the Korean Standard Industrial Classification.
<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

Article 58 (Reduction or Exemption of Corporate Tax, etc. for Public Institutions

Relocating to Innovation Cities, etc.)(1) "Real estate prescribed by Presidential Decree" in the former part of Article 62 (1) of the Act, means the buildings, when and how to sell which are stipulated in a plan for disposal of previous real estate formulated under Article 43 of the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies, and sites therefor.
<Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

(2) "Amount computed by the formula prescribed by Presidential Decree" in the former part of Article 62 (1) of the Act, means the amount calculated by applying

mutatis mutandis Article 57 (4) through (6). In such cases, "in the over - concentration control region of the Seoul Metropolitan area" shall be construed as "in the Seoul Metropolitan area"; and "area outside of the over - concentration control region of the Seoul Metropolitan area" as "innovation city and Sejong City," respectively. <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(3) The scope to which Article 61 (5) of the Act shall apply mutatis mutandis pursuant to Article 62 (2) of the Act, shall be limited to Article 57 (7) through (10).

(4) Article 57 (11) shall apply mutatis mutandis to submission of a statement of capital gains on transfer of land, etc. and other required documents under Article 62 (3) of the Act. In such cases, "in the over - concentration control region of the Seoul Metropolitan area" shall be construed as "in the Seoul Metropolitan area"; and "area outside the over - concentration control region of the Seoul Metropolitan area" as "innovation city and Sejong City," respectively. <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(5) "Income prescribed by Presidential Decree" in Article 62 (4) 1 of the Act, means the amount (if such amount is negative, it shall be deemed zero) calculated by subtracting losses on disposal of fixed assets, losses on disposal of marketable securities, and interest paid (excluding losses on disposal of marketable securities and interest paid that constitute operating expenses under the Korea Financial Accounting Standards, in cases of a public institution that engages in financial or insurance business (excluding financial holding companies under the Financial Holding Companies Act)), from the sum of gains on disposal of fixed assets, gains on disposal of marketable securities, interest received, dividend received, and gains on assets contributed (excluding gains on disposal of marketable securities, interest received, and dividend received that constitute operating revenues under the Korea Financial Accounting Standards (excluding financial holding companies under the Financial Holding Companies Act)). <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(6) "Wages" in Article 62 (4) 2 of the Act, means the wages and income referred to in Article 20 (1) 1 and 4 of the Income Tax Act.

(7) "Executive officers prescribed by Presidential Decree" in Article 62 (6) of the Act, means the persons specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act: Provided, That such executive officers do not include non

full - time executive officers.

(8) "Cases prescribed by Presidential Decree" in Article 62 (7) 2 of the Act, means any of the following cases: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. Where an agency fails to commence its business by December 31, 2018 after relocating its head office to an innovation city;
2. Where an agency fails to transfer its head office in the Seoul Metropolitan area within two years after commencing its business in its head office relocated to an innovation city.

(9) "At least the scale prescribed by Presidential Decree" in Article 62 (7) 3 of the Act, means where the annual average number of full - time employees engaging in the affairs of the head office in the office in the Seoul Metropolitan area, is at least 50/100 of the annual average number of full - time employees engaging in the affairs of the head office.

(10) The amount of tax payable under Article 62 (7) of the Act, shall be calculated as follows: <Amended by Presidential Decree No. 24368, Feb. 15, 2013>

1. In cases falling under Article 62 (7) 1 of the Act: Amount of tax reduced or exempted within three years retrospectively from the date of business closure or the date of corporate dissolution;
2. In cases falling under Article 62 (7) 2 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date the relevant agency falls under paragraph (8);
3. In cases falling under Article 62 (7) 3 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date the relevant agency establishes an office of at least the scale provided for in paragraph (9);
4. In cases falling under Article 62 (7) 4 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date the relevant agency fails to meet the prescribed percentage.

(11) Any corporation that intends to be granted a reduction or exemption of corporate tax under Article 62 (4) and (9) of the Act, shall file an application for tax reduction or exemption and a statement of calculation of tax reduction or exemption, in the forms stipulated by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

[This Article Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012]

Article 59 Deleted. <by Presidential Decree No. 18176, Dec. 30, 2003>

Article 60 (Tax Reduction or Exemption for Small or Medium Enterprises Relocating Outside of Over - Concentration Control Region of Seoul Metropolitan Area) (1) To be entitled to a tax reduction or exemption pursuant to Article 63 (1) of the Act, an owner of factory facilities located in the over - concentration control region of the Seoul Metropolitan area shall commence a business upon relocating the factory facilities he/she has operated for at least two years retroactively from the date he/she stopped operation to relocate such factory facilities to an area outside the over - concentration control region of the Seoul Metropolitan area (the period for which the owner suspended operation, upon an order to improve, relocate, or suspend the operation of discharge facilities or pollutant discharge preventing facilities, issued under the Clean Air Conservation Act, the Water Quality and Aquatic Ecosystem Conservation Act, or the Noise and Vibration Control Act, shall be deemed a period of operation) to an area outside the over - concentration control region of the Seoul Metropolitan area, upon meeting the following conditions:

<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20428, Nov. 30, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22224, Jun. 28, 2010>

1. Where such owner shall transfer an old factory in the over - concentration control region of the Seoul Metropolitan to a third person, or it is impracticable for the owner to operate the relevant factory facilities remaining in the old factory by fully removing or closing such facilities within one year from the date of relocation to an area outside the over - concentration control region of the Seoul Metropolitan area;
2. Where such owner shall commence a business in an area outside the over - concentration control region of the Seoul Metropolitan area within one year from the date he/she transfers or closes the factory in the over - concentration control region of the Seoul Metropolitan area (or the date he/she suspends operation to relocate the factory facilities furnished on a site or in a building leased; hereafter in this subparagraph, the same shall apply): Provided, That, where he/she builds a new factory, he/she shall commence a business within three years from the date of

transfer or closure of the old factory.

(2) "Area prescribed by Presidential Decree" in Article 63 (1) of the Act, means the following: <Amended by Presidential Decree No. 24368, Feb. 15, 2013>

Any area with the jurisdiction of Gumi - si, Gimhae - si, Asan - si, Wonju - si, Iksan - si, Jeonju - si, Jeju - si, Jinju - si, Changwon - si, Cheonan - si, Cheongju - si, Chuncheon - si, Chungju - si, Pohang - si, Dangjin - gun, Eumseong - gun, Jincheon - gun, Hongcheon - gun (excluding Nae - myeon), and Hoengseong - gun

(3) "Amount of tax calculated, as prescribed by Presidential Decree" in Article 63 (2) of the Act, means the amount of income tax or corporate tax reduced or exempted as prescribed in Article 63 (1) of the Act after the date of relocation of the factory. In such cases, if at least two factories are relocated to an area outside of the over - concentration control region of the Seoul Metropolitan, qualifying for Article 63 (2) 3 of the Act (excluding where the headquarters is established), such amount shall be limited to the portion reduced or exempted, following relocation of a factory producing the same products as those manufactured at the factory in the over - concentration control region of the Seoul Metropolitan area. <Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010>

(4) "Starting its business after having relocated its factory outside of the over - concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree" in Article 63 (2) 2 of the Act, means starting a business after relocating the factory as prescribed in paragraph (1). <Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010>

(5) Any person who wishes to be eligible under Article 63 (1) of the Act, shall file an application for tax reduction or exemption and a statement of calculation of tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(6) "Classification prescribed by Presidential Decree" in Article 63 (5) of the Act, means the sub - sectors under the Korean Standard Industrial Classification. <Newly

[Inserted by Presidential Decree No. 23590, Feb. 2, 2012](#)>

(7) “ Merging with any enterprise that is not a small or medium enterprise under the Framework Act on Small and Medium Enterprises or due to any of the grounds prescribed by Presidential Decree” in Article 63 (6) of the Act, means the events specified under Article 2 (2).<[Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017](#)>

Article 60 - 2 (Reduction or Exemption of Corporate Tax, etc. for Relocating Factories and Head Offices to Areas Outside of Seoul Metropolitan Area)(1) "Real estate

business, construction business, consumer service business, non - store retailing business, or shipping brokerage business prescribed by Presidential Decree" in the proviso to Article 63 - 2 (1) of the Act, means the following types of business and consumer service business: Provided, That "relocated public agencies" defined in subparagraph 2 of Article 2 of the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies, shall be excluded

herefrom: <[Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001](#); Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22953, Jun. 3, 2011; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015

1. Real estate lease business;
2. Real estate brokerage business;
3. Real estate trading business defined in Article 122 (1) of the Enforcement Decree of the Income Tax Act;
4. Deleted;<[by Presidential Decree No. 19888, Feb. 28, 2007](#)>
5. Construction business (including development and subdividing of residential buildings under the Korean Standard Industrial Classification (excluding the re - sale of purchased residential buildings));
6. Non - store retailing business defined in subparagraph 9 of Article 2 of the Distribution Industry Development Act;
7. Shipping brokerage business defined in subparagraph 5 of Article 2 of the Marine Transportation Act.

(2) For the purposes of Article 63 - 2 (1) 1 of the Act, the period shall be calculated based on the following: <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20428, Nov. 30, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22224, Jun. 28, 2010>

1. Where a corporation relocates its factory, the corporation shall have the actual records of operation (the period of suspending operation under an order to improve, relocate or suspend operation of the discharge facilities or the pollutant discharge preventing facilities established under the Clean Air Conservation Act, the Water Quality and Ecosystem Conservation Act, or the Noise and Vibration Control Act, shall be deemed the period of operation) within the over-concentration control region of the Seoul Metropolitan area for at least three consecutive years retroactively from the date of suspending operation in order to relocate the factory facilities to an area outside of the Seoul Metropolitan area defined in Article 2 (1) 9 of the Act (hereinafter referred to as "Seoul Metropolitan area");
2. Where a corporation relocates its head office or principal place of business (hereafter in this Article, referred to as "head office"), the corporation shall have the actual records of operating a business at the head office within the over-concentration control region of the Seoul Metropolitan area for at least three consecutive years retroactively from the date such relocation is registered.

(3) Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002>

(4) A corporation that relocates its entire factory facilities or head office pursuant to Article 63 - 2 (1) 2 of the Act, shall meet any of the following requirements. In such cases, Article 63 - 2 (5) of the Act shall apply only to the transfer of a factory or head office located in the over-concentration control region of the Seoul Metropolitan area: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

1. It shall be impracticable for the corporation to operate using the relevant factory facilities, by either transferring the factory in the over - concentration control region of the Seoul Metropolitan area to any third person or fully removing or permanently closing the factory facilities remaining in the over - concentration control region of the Seoul Metropolitan area within two years from the date of commencing a business by relocating the factory to an area outside the Seoul Metropolitan area;
 2. The corporation shall commence its business outside of the Seoul Metropolitan area during the period from the date it transfers to any third person or permanently closes the factory in the over - concentration control region of the Seoul Metropolitan area (referring to the date it suspends operations for the relocation of the factory, if the corporation has its own factory facilities on a leased site for the factory or in a leased building) to December 31, 2017, or shall acquire a building site by no later than December 31, 2017 (including where the corporation possesses a building site) and commence its business by no later than December 31, 2020, if the corporate builds a new factory for relocation;
 3. The corporation shall transfer the head office in the over - concentration control region of the Seoul Metropolitan area or alters its head office for any other purposes (including where it is used as an office below the scale provided for in paragraph (11); hereafter in this Article, the same shall apply) within two years from the date of commencing a business by relocating the head office to an area outside of the Seoul Metropolitan area;
 4. The corporation shall commence its business outside of the Seoul Metropolitan area during the period from the date it transfers its head office in the over - concentration control region of the Seoul Metropolitan area to any third person or alters its head office for any other purpose to December 31, 2017, or shall acquire a building site by no later than December 31, 2017 (including where the corporation owns a building site) and commence its business by no later than December 31, 2020, if the corporation builds a new head office for relocation.
- (5) "Other areas prescribed by Presidential Decree" in Article 63 - 2 (2) of the Act, means areas provided for in Article 60 (2). <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

(6) "Income prescribed by Presidential Decree" in Article 63 - 2 (2) 2 (a) of the Act, means the amount (if such amount is negative, it shall be deemed zero) calculated by subtracting losses from the disposal of fixed assets, losses from the disposal of marketable securities, and interest paid (excluding losses from the disposal of marketable securities and interest paid that constitute operating expenses under the Korea Financial Accounting Standards, in cases of a public institution that engages in financial business or insurance business (excluding financial holding companies under the Financial Holding Companies Act)), from the sum of gains on the disposal of fixed assets, gains on the disposal of marketable securities, interest received, dividend received, and gains on assets contributed (excluding gains on the disposal of marketable securities, interest received, and dividend received that constitute operating revenues under the Korea Financial Accounting Standards (excluding financial holding companies defined under the Financial Holding Companies Act)).
<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016>

(7) "Consignment processing trade prescribed by Presidential Decree" in Article 63 - 2 (2) 2 (d) of the Act, means that all or some of the raw materials to be processed (including manufacturing, assembling, recycling, and alteration; hereafter in this Article, the same shall apply) under the condition that fees for processing be paid in return, are exported to the other contractual party or procured from foreign countries and then the goods, etc. processed with such materials are imported or delivered to a foreign country.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

(8) For the purposes of Article 63 - 2 (2) 2 of the Act, "wages" in Article 63 - 2 (2) 2 (b) of the Act, means the wages and income defined in Article 20 (1) 1 and 4 of the Income Tax Act; and the accounting of turnover generated from the consignment processing trade referred to in Article 63 - 2 (2) 2 (d) of the Act shall be kept separately from other turnover.<Amended by Presidential Decree No. 26070, Feb. 3, 2015>

(9) "Executive officers prescribed by Presidential Decree" in Article 63 - 2 (4) 2 of the Act, means persons specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act: Provided, That non full - time executives shall be excluded herefrom.<Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree

No. 21307, Feb. 4, 2009; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 26070, Feb. 3, 2015 >

(10) "Where the corporation does not qualify as starting its business after having relocated its factory or head office outside of the over - concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree" in Article 63 - 2 (7) 2 of the Act, means where it fails to satisfy any of the requirements prescribed under paragraph (4). <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

(11) " At least scale prescribed by Presidential Decree" in Article 63 - 2 (7) 5 of the Act, means where the annual average number of full - time employees engaging in the affairs of the head office in the office located in the Seoul Metropolitan area after the end of the taxable year falling under the third anniversary from the date of relocation of the head office to an area outside of the over - concentration control region of the Seoul Metropolitan area, is at least 50/100 of the annual average number of full - time employees engaging in the affairs of the head office. <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

(12) The amount of tax payable under Article 63 - 2 (7) of the Act, shall be calculated as follows: <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005 >

1. In cases falling under Article 63 - 2 (7) 1 of the Act: Amount of tax reduced or exempted within three years retrospectively from the date of business closure or the date of corporate dissolution;
2. In cases falling under Article 63 - 2 (7) 2 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date the relevant corporation fails to satisfy any of the requirements prescribed under paragraph (4);
3. In cases falling under Article 63 - 2 (7) 3 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date of establishing the head office or factory. In such cases, if at least two relocated factories produce different products, respectively, it shall be limited to the portion reduced or exempted, following the relocation of a factory producing the same products as those of the factories within the Seoul Metropolitan area;

4. In cases falling under Article 63 - 2 (7) 5 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date of establishing the office above the scale provided for in paragraph (11);

5. In cases falling under Article 63 - 2 (7) 6 of the Act: Amount of tax reduced or exempted within five years retrospectively from the date the relevant corporation falls short of the ratio that is set in the same subparagraph.

(13) Any corporation that intends to be granted a reduction or exemption of corporation tax under Article 63 - 2 (2) of the Act, shall submit an application for tax reduction or exemption and a statement of amount of tax reduced or exempted, in the forms stipulated by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return. <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008 >

(14) The amount of property tax to be collected additionally under Article 63 - 2 (9) of the Act, means the difference between the amount of property tax paid pursuant to Article 63 - 2 (6) of the Act and the amount of property tax payable pursuant to Article 106 (1) 1 or 2 of the Local Tax Act during the following applicable periods; and the amount of comprehensive real estate holding tax to be collected additionally under Article 63 - 2 (9) of the Act, means the amount of comprehensive real estate holding tax payable pursuant to Article 182 (1) 1 or 2 of the Local Tax Act during the following applicable periods: <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22395, Sep. 20, 2010 >

1. In cases falling under Article 63 - 2 (7) 1 of the Act: Within three years retrospectively from the date of business closure or the date of corporate dissolution;

2. In cases falling under Article 63 - 2 (7) 2 of the Act: Within five years retrospectively from the date the relevant corporation fails to satisfy any of the requirements prescribed under paragraph (4);

3. In cases falling under Article 63 - 2 (7) 3 of the Act: Within five years retrospectively from the date the factory is established.

(15) The additional amount equivalent to interest under Article 63 - 2 (9) of the Act, shall be an amount calculated by multiplying the difference of the amount of property tax and the amount of comprehensive real estate holding tax under paragraph (14),

by the period prescribed in subparagraph 1 and the rate prescribed in subparagraph 2: <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008 >

1. The period from the date following the deadline for tax payment of the taxable year in which a corporation was eligible under Article 63 - 2 (6) of the Act, until the date the amount of tax to be collected additionally under Article 63 - 2 (9) of the Act is notified;

2. 3/10,000 per day.

(16) "Classification prescribed by Presidential Decree" in Article 63 - 2 (10) of the Act, means the subclassification according to the Korea Standard Industrial Classification. <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012 >

[This Article Newly Inserted by Presidential Decree No. 16693, Jan. 10, 2000]

Article 60 - 3 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 61 (Tax Reduction or Exemption for Enterprises, etc. that Occupy Agro - Industrial Complexes) (1) "Agro - industrial complex prescribed by Presidential Decree" in Article 64 (1) 1 of the Act, means any agro - industrial complex located in an area outside of the over - concentration control region of the Seoul Metropolitan area, other than a city area with a population of at least 200,000 persons as at the date of designation as an agro - industrial complex. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010 >

(2) "Area prescribed by Presidential Decree" in Article 64 (1) 2 of the Act, means an area for special support for local small or medium enterprises located outside of the over - concentration control region of the Seoul Metropolitan area, other than a city area with a population of at least 200,000 persons as at the date of designation as an area for special support for local small or medium enterprises, which is prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015 >

(3) Any person who intends to be eligible under Article 64 (1) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office over the place of

tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

Article 62 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 63 (Corporation Tax Exemption, etc. for Agricultural Partnerships, etc.)(1)

"Amount prescribed by Presidential Decree" in Article 66 (1) of the Act, means any of the following amounts of income accruing from the business of an agricultural partnership referred to in Article 11 (1) of the Enforcement Decree of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

1. Amount of income accruing from business growing crops, other than business growing cereal crops and other crops for food (hereafter in this Article and Article 65, referred to as " food - crop growing business "), which does not exceed the amount calculated by the following formula each business year: Amount of income accruing from business growing crops, other than food - crop growing business × {600 million won × Number of members × (Number of months in a business year ÷ 12) ÷ Amount of revenues from business growing crops, other than food - crop growing business}

2. Amount of income, other than the income accruing from business growing crops, which does not exceed the amount calculated by the following formula each business year:

{12 million won × Number of members × (Number of months in a business year ÷ 12)}

(2) "Amount prescribed by Presidential Decree" in the former part of Article 66 (2) of the Act, means the full amount of dividend income if such dividend income accrues from the income exempt from corporate tax under paragraph (1) 1, or the amount not exceeding 12 million won each taxable year out of the dividend income if it accrues from the total income of an agricultural partnership minus the income from food - crop growing business and the income exempt from corporate tax under paragraph (1) 1. <Amended by Presidential Decree No. 25211, Feb. 21, 2014 >

(3) The dividend income referred to in the latter part of Article 66 (2) of the Act, shall be calculated by the following formula at each dividend payment. In such cases,

the amount of income shall be the income for a business year immediately preceding the business year during which distribution of the dividend is determined; and if such amount of income is less than zero, it shall be deemed nil: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Dividend income accruing from food - crop growing business:

{Dividend income paid by an agricultural partnership × (Amount of income accruing from food - crop growing business ÷ Total amount of income)}

2. Dividend income accruing from income exempt from corporate tax:

{Dividend income paid by an agricultural partnership × (Amount of income exempt from corporate tax under paragraph (1) 1 ÷ Total amount of income)}

3. Dividend income accruing from the total income minus the income from food - crop growing business and the income exempt from corporate tax under paragraph (1) 1:

[Dividend income paid by an agricultural partnership × {1 - (Amount of income accruing from food - crop growing business + Amount of income exempt from corporate tax under paragraph (1)) 1 ÷ Total amount of income}]

(4) "Farmer prescribed by Presidential Decree" in the main sentences of Articles 66 (4) and 68 (2) of the Act, means a farmer defined in subparagraph 2 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, who has directly cultivated farmland for at least four years while residing in a Si (including the Special Self - Governing City and the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this Article, the same shall apply) in which he/she has the farmland, grassland, or real estate invested in kind (hereafter in this Article, referred to as "farmland, etc.") or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from such farmland, etc.; "farmer prescribed by Presidential Decree" in Articles 66 (7) and 68 (3) of the Act, means a farmer defined in subparagraph 2 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, who has directly cultivated farmland for at least four years while residing in a Si/Gun/Gu in which he/she has the farmland, etc. invested in kind or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from

such farmland, etc. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21847, Nov. 26, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26754, Dec. 22, 2015; Presidential Decree No. 26922, Jan. 22, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

(5) Farmland eligible for full exemption from capital gains tax on the income accruing from making an investment in kind with farmland or grassland under Article 66 (4) or 68 (2) of the Act, shall be rice paddies or dry fields actually used for cultivation, irrespective of land categories on the Cadastral Record, and the land used for a farmer's hut, compost barrack, pumping station, lake and pond, farm road, waterway, etc. directly necessary for such cultivation: Provided, That any farmland listed under Article 66 (4) shall be excluded herefrom. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

(6) Capital gains tax referred to in Article 66 (5) of the Act, shall be paid only where the period during which a farmer has directly cultivated farmland before making an investment in kind with such farmland and the period from the date of the investment in kind with such farmland to the date of transfer of his/her equity shares does not exceed eight years in total; and the amount of tax payable shall be calculated by multiplying the amount of tax reduction or exemption on the relevant farmland by the ratio of the equity shares transferred within three years to the total equity shares. Where an heir continues to cultivate inherited farmland (referring to cultivation while the heir resides in a Si/Gun/Gu in which he/she has the farmland, etc. invested in kind under paragraph (4), or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from such farmland, etc.) for at least one year, the heir is deemed to have cultivated the relevant farmland for the sum of the following periods, for the purposes of calculating the period of cultivation of the inherited farmland: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016 >

1. The period during which the decedent has cultivated the farmland after acquisition (limited to the period for which the former decedent has cultivated the farmland);

2. The period during which the decedent ' s spouse had cultivated the farmland after acquisition, if the decedent inherited the farmland from his/her spouse and has cultivated it.

(7) An agricultural partnership that intends to be granted an exemption of corporate tax under Article 66 (1) of the Act, shall file its tax return, an application for tax exemption and a statement of exempted amount of tax in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, and a certificate of registration (registration of modification) as an agricultural or fisheries business entity under Article 4 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "registration certificate as an agricultural or fisheries business entity"), with the head of the tax office having jurisdiction over the place of tax payment: Provided, That the same shall not apply where it has no corporate tax payable.<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014>

(8) A person who intends to be granted an exemption of income tax on dividend income under Article 66 (2) of the Act, shall file an application for tax exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant agricultural partnership, at the time he/she receives the relevant dividend. In such cases, the agricultural partnership shall submit the applications for tax exemption filed by its members and its registration certificate as an agricultural or fisheries business entity, to the head of the tax office having jurisdiction over withholding taxes, by the end of the month following the month in which dividends are paid.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014>

(9) " Equivalent to the interest calculated by the formula prescribed by Presidential Decree" in Article 66 (6) and (10) of the Act, means the equivalent to the amount of tax payable under Article 66 (5) or (9) of the Act, multiplied by the period of subparagraph 1 and the ratio of subparagraph 2:<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 25211, Feb. 21, 2014>

1. The period from the day following the deadline for payment of capital gains tax on farmland, etc. invested initially in kind, until the date the amount of tax calculated under Article 66 (5) or (9) of the Act is paid;

2. 3/10,000 per day.

(10) A person who intends to be granted a reduction or exemption of capital gains tax or to be carried forward capital gains tax under Article 66 (8) of the Act, shall file his/her tax return, an application for tax reduction or exemption or an application for taxation carried forward in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with copies of the registration certificate of the relevant agricultural partnership as an agricultural or fisheries business entity and an agreement on the investment in kind. In such cases, the application for taxation carried forward shall be filed jointly with the agricultural partnership: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22467, Nov. 2, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016>

1. and 2. Deleted. <by Presidential Decree No. 22467, Nov. 2, 2010>

(11) Upon receipt of an application for tax reduction or exemption or an application for taxation carried forward under paragraph (10), the head of the tax office having jurisdiction over the place of tax payment shall verify the certified copy of the registry of the relevant farmland by matching it against administrative information available for sharing under Article 36 (1) of the Electronic Government Act. <Newly Inserted by Presidential Decree No. 22467, Nov. 2, 2010; Presidential Decree No. 26959, Feb. 5, 2016>

(12) Article 28 (10) shall apply mutatis mutandis to the guidelines for determining where a farmer disposes of at least 50/100 of the stocks or equity shares he/she has acquired by making an investment in kind, for the purposes of Article 66 (9) of the Act. <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

(13) Capital gains tax referred to in Article 66 (9) of the Act, shall be paid only where the period during which a farmer has directly used the relevant real estate before making an investment in kind with such real estate and the period from the date of the investment in kind with such real estate to the date of disposal of stocks or equity shares does not exceed eight years in total. In such cases, for the purpose of calculating the period of use of the inherited real estate, the period for which the inherited real estate has been used by the decedent shall be deemed the period for which it has been used by the heir. <Newly Inserted by Presidential Decree No. 25211, Feb.

[21, 2014>](#)

(14) For the purposes of paragraphs (4) and (6), if the sum of the amount of business income calculated under Article 19 (2) of the Income Tax Act (excluding the income from agriculture or forestry, the income from the real estate leasing business under Article 45 (2) of the same Act, and the side business income of a farm household under Article 9 of the Enforcement Decree of the same Act) and the gross wages calculated under Article 20 (2) of the same Act is at least 37 million won for a certain taxable year, such period shall be excluded from the period during which the relevant decedent (including his/her spouse; hereafter in this paragraph, the same shall apply) or resident has cultivated farmland. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(15) "Income prescribed by Presidential Decree" in the proviso to Article 66 (4) of the Act, means the amount calculated by the following formula, out of the amount of capital gains provided for in Article 95 (1) of the Income Tax Act (hereafter in this Article, referred to as "amount of capital gains"). In such cases, if land is sold through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, the standard market value based on which the amount of compensation is calculated, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period, shall apply where land is acquired or transferred, or where the date of incorporation into a residential area, commercial area, or industrial area under the National Land Planning and Utilization Act (hereafter in this Article, referred to as "residential area, etc.") or the date of designation as land reserved for replotting arrives, before a new standard market value is publicly notified: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017> Amount of capital gains × {(Standard market value as at the date of incorporation into a residential area, etc. or the date of designation as land reserved for replotting - Standard market value at the time of acquisition) ÷ (Standard market value at the time of transfer - Standard market value at the time of acquisition)}

Article 64 (Corporate Tax Exemptions, etc. for Fishery Partnerships, etc.)(1) The income exempt from corporate tax pursuant to Article 67 (1) of the Act, shall be the

income accruing from the business of a fishery partnership established under Article 11 (2) of the Enforcement Decree of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities, which shall not exceed the amount calculated by the following formula each business year:

{12 million won × number of its members × (number of months in a business year ÷ 12)}

(2) The dividend income exempt from income tax pursuant to Article 67 (2) of the Act, shall not exceed 12 million won each taxable year.

(3) "Fisherman prescribed by Presidential Decree" in Article 67 (4) of the Act, means a fisherman defined under the Fisheries Act, or a business operator engaging in the production of seeds for fisheries defined under the Fisheries Seed Industry Promotion Act (limited to business operators engaging in the production of seeds for fisheries in the sea, at the seashore, or in inland waters artificially created for the purpose of producing seeds for fisheries), who has directly used land for fisheries for fishery activities for at least four years, while residing in a Si (including the Special Self - Governing City and the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this Article, the same shall apply) in which he/she has land or a building for fisheries (hereinafter referred to as "land, etc.") invested in kind, or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from such land, etc. for fisheries. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26922, Jan. 22, 2016; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27245, Jun. 21, 2016 >

(4) "Land, etc. for fisheries prescribed by Presidential Decree" in Article 67 (4) of the Act, means land and buildings used directly for the inland seawater aquaculture referred to in Article 41 (3) 2 of the Fisheries Act or the production of seeds and seedlings for fisheries under Article 21 (1) of the Fisheries Seed Industry Promotion Act (limited to business producing seeds for fisheries in the sea, at the seashore, or in inland waters artificially created for the purpose of producing seeds for fisheries). <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26959, Feb. 5,

[2016; Presidential Decree No. 27245, Jun. 21, 2016](#)>

(5) Capital gains tax referred to in Article 67 (5) of the Act, shall be paid only where the period during which a fisherman has directly used the relevant land, etc. for the fisheries for fisheries activities before making an investment in kind with such land, etc. and the period from the date of the investment in kind with such land, etc. to the date of transfer of his/her equity shares does not exceed eight years in total. Where the heir continues to use inherited land, etc. (referring to using the inherited land, etc. directly for fisheries while the heir resides in a Si/Gun/Gu in which he/she has the land, etc. for fisheries invested in kind, or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from the relevant land, etc. for fisheries) directly for fisheries for at least one year, an heir shall be deemed to have used the inherited land, etc. directly for fisheries for the sum of the following periods, for the purposes of calculating the period of use of the inherited land, etc. for fisheries directly for fisheries:<[Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016](#)>

1. The period during which the decedent used the land, etc. directly for fisheries after acquisition (limited to the period for which the former decedent used it directly for fisheries);
2. The period during which the decedent's spouse had used the land, etc. directly for fisheries after acquisition, if the decedent inherited it from his/her spouse and has used the land, etc. directly for fisheries.

(6) The amount of tax payable under Article 67 (5) of the Act, shall be calculated by multiplying the amount of tax reduced or exempted on the relevant land, etc. for fisheries, by the ratio of equity shares transferred within three years to the total equity shares acquired by an investment in kind.<[Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 26959, Feb. 5, 2016](#)>

(7) "Cases prescribed by Presidential Decree" in the proviso to Article 67 (5) of the Act, means where all members of a household emigrate to a foreign country under the Emigration Act.<[Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010](#)>

(8) A fishery partnership that intends to be granted an exemption of corporate tax under Article 67 (1) of the Act, shall file its tax return, an application for tax exemption and a statement of amount of tax exempted, in the forms prescribed by

Ordinance of the Ministry of Strategy and Finance, and a registration certificate as an agricultural or fisheries business entity, with the head of the tax office having jurisdiction over the place of tax payment: Provided, That this shall not apply where it has no corporate tax payable. <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014>

(9) A person who intends to be granted an exemption of income tax on dividend income under Article 67 (2) of the Act, shall file an application for tax exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant fishery partnership, at the time he/she receives the relevant dividend. In such cases, the fishery partnership shall submit the applications for tax exemption filed by its members and its registration certificate as an agricultural or fisheries business entity, to the head of the tax office having jurisdiction over withholding taxes, by the end of the month following the month in which dividends are paid. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014>

(10) A person who intends to apply for a reduction or exemption of capital gains tax under Article 67 (6) of the Act, shall file an application for tax reduction or exemption (including filing through the Home Tax Service Network) in the form prescribed by Ordinance of the Ministry of Strategy and Finance, and copies of the registration certificate of the relevant fisheries partnership as an agricultural or fisheries business entity and an agreement on the investment in kind, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the relevant land, etc. for fisheries was transferred. In such cases, the head of the tax office having jurisdiction over the place of tax payment shall verify the certified copy of the registry of the land, etc. for fisheries by matching it against administrative information available for sharing under Article 36 (1) of the Electronic Government Act. <Amended by Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016>

(11) For the purposes of paragraphs (3) and (5), if the sum of the business income calculated under Article 19 (2) of the Income Tax Act (excluding the income from fisheries, the income from the real estate lease business under Article 45 (2) of the

Income Tax Act, and the income from the side business of a farm household under Article 9 of the Enforcement Decree of the same Act) and the gross wages calculated under Article 20 (2) of the same Act is at least 37 million won for a certain taxable period, such period shall be excluded from the period during which the relevant decedent (including his/her spouse; hereafter in this paragraph, the same shall apply) or resident has used land, etc. directly for fisheries. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016>

(12) "Income prescribed by Presidential Decree" in the proviso to Article 67 (4) of the Act, means the amount calculated by the following formula, of the amount of capital gains provided for in Article 95 (1) of the Income Tax Act (hereafter in this paragraph, referred to as "amount of capital gains"). In such cases, if land is sold through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, the standard market value based on which the amount of compensation is calculated, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period, shall apply where land is acquired or transferred, or the date of incorporation into a residential area, etc. or the date of designation as land reserved for replotting arrives, before a new standard market value is publicly notified: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017> $\text{Amount of capital gains} \times \{(\text{Standard market value as at the date of incorporation into a residential area, etc. or the date of designation as land reserved for replotting} - \text{Standard market value at the time of acquisition}) \div (\text{Standard market value at the time of transfer} - \text{Standard market price at the time of acquisition})\}$

Article 65 (Tax Reductions, Exemptions, etc. for Agricultural Companies)(1) "Amount prescribed by Presidential Decree" in Article 68 (1) of the Act, means up to the amount calculated by the following formula: <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014> $\text{Amount of income accruing from business growing crops, other than food - crop growing business} \times \{5 \text{ billion won} \times (\text{Number of months in a business year} \div 12) \div \text{Revenues from business growing crops, other than food - crop growing business}\}$

(2) "Income prescribed by Presidential Decree" in Article 68 (1) of the Act, means the following (hereafter in this Article, referred to as "income accruing from incidental business, etc."): <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20854, Jun. 20, 2008; Presidential Decree No. 21774, Oct. 8, 2009; Presidential Decree No. 21847, Nov. 26, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26754, Dec. 22, 2015>

1. Income accruing from the livestock breeding business or forestry defined in Article 2 of the Enforcement Decree of the Framework Act on Agriculture, Rural Community and Food Industry;
2. Income accruing from the incidental business of an agricultural company established under Article 19 (1) of the Enforcement Decree of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereafter in this Article, referred to as "agricultural company");
3. Income accruing from the distribution, processing, and sale of agricultural products and the cultivation of land as proxy.

(3) "Income prescribed by Presidential Decree" in the former part of Article 68 (4) of the Act, means income accruing from incidental business, etc. and business growing crops, other than food - crop growing business. <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

(4) The dividend income referred to in the latter part of Article 68 (4) of the Act, shall be calculated by the following formula at each dividend payment. In such cases, the amount of income shall be the income for a business year immediately preceding the business year during which distribution of the dividend is determined; and if such amount of income less than zero, it shall be deemed nil: <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. Dividend income accruing from food - crop growing business:

Dividend income paid by an agricultural company × amount of income accruing from food - crop growing business ÷ total amount of revenues

2. Dividend income accruing from incidental business, etc. and business growing crops, other than food - crop growing business:

Dividend income paid by an agricultural company × (amount of income accruing from incidental business, etc. + amount of income accruing from business growing crops,

other than food - crop growing business) ÷ total amount of revenues

(5) A person who intends to be granted a reduction or exemption of corporate tax or to be carried forward corporate tax pursuant to Article 68 (1) or (3) of the Act, shall file his/her tax return, an application for tax reduction or exemption, a statement of amount of tax reduced or exempted, or an application for taxation carried forward, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, and the registration certificate as an agricultural or fisheries business entity, with the head of the tax office having jurisdiction over the place of tax payment. In such cases, the person shall file the application for taxation carried forward, jointly with the relevant agricultural company. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

(6) A person who intends to be granted an exemption of income tax on the dividend income pursuant to Article 68 (4) of the Act, shall file an application for tax exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant agricultural company, at the time he/she receives the dividend income. In such cases, the agricultural company shall submit the applications for tax exemption filed by its members and its registration certificate as an agricultural or fisheries business entity, to the head of the tax office having jurisdiction over the withholding tax, by the end of the month immediately following the month during which dividends are paid. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014>

(7) "Income prescribed by Presidential Decree" in the proviso to Article 68 (2) of the Act, means the amount calculated by the following formula, of the amount of capital gains provided for in Article 95 (1) of the Income Tax Act (hereafter in this paragraph, referred to as "amount of capital gains"). In such cases, if farmland or grassland is sold through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, the standard market value based on which the amount of compensation is calculated, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period, shall apply where the farmland or grassland is acquired or transferred, or the date of incorporation into a residential area, etc. or the date of designation as land reserved for replotting arrives, before a new standard market value is publicly notified: <Newly Inserted by Presidential

Decree No. 27848, Feb. 7, 2017> Amount of capital gains × {(Standard market value as at the date of incorporation into a residential area, etc. or the date of designation as land reserved for replotting - Standard market value at the time of acquisition) ÷ (Standard market value at the time of transfer - Standard market value at the time of acquisition)}

[This Article Wholly Amended by Presidential Decree No. 19888, Feb. 28, 2007]

Article 66 (Reduction or Exemption of Capital Gains Tax for Self - Cultivating Farmland)

(1) "Resident prescribed by Presidential Decree who resides on farmland" in the main sentence of Article 69 (1) of the Act, means a resident defined in Article 1 - 2 (1) 1 of the Income Tax Act, (including a person for whom two years has not passed since he/she became a non - resident) as of the date of transfer of farmland who has cultivated the farmland residing in any of the following areas (including areas that used to be following areas at the time a resident commenced cultivation, but cease to be such areas due to reorganization of administrative districts) for at least eight years (or three years where a resident transfers any parcel of farmland eligible for the management transfer subsidy referred to in paragraph (3) to the Korea Rural Community Corporation established under the Korea Rural Community Corporation and Farmland Management Fund Act (hereafter in this Article, referred to as the "Korea Rural Community Corporation") or to any corporation provided for in paragraph (2)): <Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21565, Jun. 26, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26922, Jan. 22, 2016>

1. An area within a Si (including the Special Self - Governing City and the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this paragraph, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this paragraph, the same shall

apply) where the farmland is located;

2. An area within a Si/Gun/Gu adjacent to the area provided for in subparagraph 1;

3. An area within the radius of 30 kilometers from the relevant farmland.

(2) "Corporation prescribed by Presidential Decree" in the main sentence of Article 69 (1) of the Act, means an agricultural partnership established under Article 16 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities and an agricultural company established under Article 19 of the same Act. <Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20854, Jun. 20, 2008; Presidential Decree No. 21774, Oct. 8, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(3) "Directly - paid subsidy for the transfer of management prescribed by Presidential Decree" in the main sentence of Article 69 (1) of the Act, means the transfer management subsidy prescribed under Article 4 of the Enforcement Regulations for Direct Payment System for Producers of Agricultural Products. <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21252, Jan. 6, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(4) "Land prescribed by Presidential Decree" in the main sentence of Article 69 (1) of the Act, means farmland directly cultivated by a resident for at least eight years (or three years where a resident transfers any parcel of farmland eligible for the management transfer subsidy referred to in paragraph (3) to the Korea Rural Community Corporation or to the corporation provided for in paragraph (2)) from the time of acquisition of such farmland to the time of transfer, except the following farmland: <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21565, Jun. 26, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22953, Jun. 3, 2011; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26922, Jan. 22, 2016 >

1. Farmland within a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act and three years have passed since its incorporation into any of such areas, among the farmland located in the Special Metropolitan City, a Metropolitan City (excluding a Gun within a Metropolitan City),

a Si (excluding Eup or Myeon areas in a Si combined with function of urban and rural communities under Article 3 (4) of the Local Autonomy Act, or Eup or Myeon areas in the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City): Provided, That the following farmland shall be excluded herefrom:

- (a) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a large - scale development project within an area (referring to a single project implementation area, the project authorization of which is publicly notified on the same day) for a development project (hereafter in this subparagraph, referred to as "large - scale development project"), in which case the number of owners of land within the project implementation area is at least one thousand, or the project implementation area is at least the scale prescribed by Ordinance of the Ministry of Strategy and Finance, and three years have passed since it was incorporated into the project implementation area because the project has been implemented in phases or compensation is delayed by the project operator;
- (b) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a development project that is operated by the State, a local government, or public institution prescribed by Ordinance of the Ministry of Strategy and Finance within a development project area, and regarding which any unavoidable cause prescribed by Ordinance of the Ministry of Strategy and Finance arises;
- (c) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act, in which case a large - scale development project has been implemented within three years after it was incorporated, and three years have passed since it was incorporated into any of such areas because the project has been implemented in phases or compensation is delayed by the project operator (limited to farmland located within the large - scale development area);

2. Where farmland is designated as land reserved for replotting, other than farmland, prior to a disposition of land replotting pursuant to the Urban Development Act or other Acts, three years shall have passed from the date the farmland was so designated: Provided, That settlement money for land replotting granted for the disposition of land replotting shall be excluded herefrom.

(5) Farmland eligible under paragraph (4) shall be farmland as at the date of transfer, as provided for in Article 162 of the Enforcement Decree of the Income Tax Act: Provided, That the following criteria shall apply to the cases specified in the following: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where a buyer has altered the form or quality of the farmland or has commenced construction prior to the date of transfer under the terms and conditions of a sales and purchase agreement: Based on the farmland as at the date of execution of the sales and purchase agreement;

2. Where the farmland was designated as land reserved for replotting, other than farmland, and three years have not passed since the date of designation as the land reserved for replotting, and cultivating the farmland becomes impossible due to the implementation of a land development project: Based on the farmland as at the date of commencement of the land development project;

3. Where the farmland remains uncultivated in order to prevent mining damage pursuant to the Mining Damage Prevention and Restoration Act or ordinance of a local government and according to the budget of a local government: Based on the farmland as at the date of the execution of the non - cultivation contract.

(6) Where farmland has been exchanged, partitioned, combined, or substituted pursuant to Article 89 (1) 2 of the Income Tax Act and Article 70 of the Act, and the newly - acquired farmland is purchased through negotiations or expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects, or is expropriated under any other Act, the main sentence of paragraph (1) shall apply, deeming that the period of cultivating farmland before exchange, partition, combination, or substitution, is the period of cultivating such farmland. <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30,

[2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010](#)>

(7) "Income prescribed by Presidential Decree" in the proviso to Article 69 (1) of the Act, means the amount calculated by the following formula, of the amount of capital gains provided for in Article 95 (1) of the Income Tax Act (hereafter in this paragraph, referred to as "amount of capital gains"): Provided, That, where land is purchased through negotiations or expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, the standard market value based on which the amount of compensation is calculated, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period, shall apply where land is acquired or transferred or the date of incorporation into a residential area, etc., or the date of designation as the land reserved for replotting arrives, before a new standard market value is publicly notified: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21196, Dec. 31, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015>
Amount of capital gains × {(Standard market value as at the date of incorporation into a residential area, etc., or the date of designation as the land reserved for replotting - Standard market value at the time of acquisition) ÷ (Standard market value at the time of transfer - Standard market value at the time of acquisition)}

(8) "Where any of the grounds prescribed by Presidential Decree arises" in Article 69 (2) of the Act, means any of the following circumstances:<[Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 22037, Feb. 18, 2010](#)>

1. Where an agricultural corporation suspends or closes its business or is dissolved within three years from the date of acquisition of the relevant land;
2. Where an agricultural corporation uses the relevant land for other purposes without having cultivated it for at least three years.

(9) A person who intends to apply for a reduction or exemption of capital gains tax pursuant to Article 69 (3) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return (including a preliminary return) for the taxable year in which the relevant farmland is transferred. In such cases, if the

person transfers farmland to the corporation provided for in paragraph (2), he/she shall file an application for tax reduction or exemption jointly with the relevant transferee.<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 20720, Feb. 29, 2008>

(10) Upon receipt of an application for tax reduction or exemption filed under the latter part of paragraph (9), the head of the relevant tax office shall promptly notify the head of the tax office having jurisdiction over the place of tax payment of the corporation provided for in paragraph (2), thereof.<Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003>

(11) Where an heir continues to cultivate inherited farmland (referring to cultivation while the heir resides at any of the areas specified under paragraph (1); hereafter in this paragraph and paragraph (12), the same shall apply) for at least one year, the heir shall be deemed to have cultivated the inherited farmland for the sum of the following periods, for the purposes of calculating the period of cultivation under paragraph (4):<Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 22953, Jun. 3, 2011; Presidential Decree No. 23590, Feb. 2, 2012>

1. The period during which the decedent cultivated farmland after acquisition (limited to the period during which the former decedent cultivated farmland);
2. Where the decedent inherited farmland from his/her spouse and has cultivated such farmland, the period during which the decedent ' spouse had cultivated it after acquisition.

(12) Notwithstanding paragraph (11), an heir shall be deemed to have cultivated inherited farmland for the sum of the periods provided for in paragraph (11) 1 and 2, if the inherited farmland is designated (referring to the date the head of the relevant administrative agency issues a public notice on the Official Gazette or official report) as any of the following areas by the third anniversary from the date of inheritance (including designation before the date of inheritance) where the heir transfers the inherited land or it is purchased through negotiations or is expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act by the third anniversary from the date of inheritance although the heir

does not continue to cultivate the inherited farmland for at least one year:<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23113, Aug. 30, 2011>

1. A housing site development zone designated under Article 3 of the Housing Site Development Promotion Act;
2. An industrial complex designated under Article 6, 7, 7 - 2, or 8 of the Industrial Sites and Development Act;
3. Any area prescribed by Ordinance of the Ministry of Strategy and Finance other than those prescribed in subparagraphs 1 and 2.

(13) “ Mainly engaging in agriculture by the method prescribed by Presidential Decree ” in the main sentence of Article 69 (1) of the Act, means either of the following cases:<Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where a resident regularly engages in cultivating crops or growing perennial plants on his/her own farmland;
2. Where a resident conducts at least 1/2 of farming activities for cultivating or growing crops on his/her own farmland with his/her own labor.

(14) If the sum of the business income calculated under Article 19 (2) of the Income Tax Act (excluding the income from agriculture and forestry, the income from the real estate lease business under Article 45 (2) of the Income Tax Act, and the income from the side business of a farm household under Article 9 of the Enforcement Decree of the same Act; hereafter in this paragraph, referred to as "business income") earned by a decedent (including his/her spouse; hereafter in this paragraph, the same shall apply) or a resident and his/her gross wages calculated under Article 20 (2) of the same Act for a certain taxable period, out of the period of cultivation provided for in paragraphs (4), (6), (11), and (12), is at least 37 million won, such period shall be excluded from the period during which the decedent or resident has cultivated the land. In such cases, if the amount of business income is a negative figure, the amount shall be deemed nil.<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

Article 66 - 2 (Reduction or Exemption of Capital Gains Tax on Site for Livestock

Stables)(1) "Resident prescribed by Presidential Decree" in the main sentence of Article 69 - 2 (1) of the Act, means a resident defined in Article 1 - 2 (1) 1 of the Income Tax Act as at the date of transfer of the site of a stable for livestock (including persons in whose cases two years have not passed since they became non - residents) who has resided in any of the following areas (including areas that used to be any of the following areas at the time the resident commenced a stockbreeding business but ceases to be such areas due to the change of administrative districts, etc.) for at least eight years: <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>

1. An area in a Si (including the Special Self - Governing City and the administrative Si established under the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this paragraph, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this paragraph, the same shall apply) where the stable used for breeding livestock and the land appurtenant thereto (hereafter in this Article and Article 68, referred to as "site for livestock stable") are located;
2. An area in a Si/Gun/Gu adjacent to the area specified in subparagraph 1;
3. An area within the radius of 30 kilometers from the site for the relevant livestock stable.

(2) "Breeding livestock by the method prescribed by Presidential Decree" in the main sentence of Article 69 - 2 (1) of the Act, means either of the following cases: <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where a resident regularly engages in breeding livestock defined in subparagraph 1 of Article 2 of the Livestock Industry Act, on his/her own site of livestock stables;
2. Where a resident conducts at least 1/2 of livestock breeding activities in his/her own site of livestock stables with his/her own labor.

(3) "Area prescribed by Presidential Decree as a site of stables" in the main sentence of Article 69 - 2 (1) of the Act, means a site for livestock stables used directly by a resident for breeding livestock for at least eight years from the time he/she acquires the site to the time he/she transfers it, except the following sites:

<Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26922, Jan. 22, 2016>

1. A site for livestock stables within a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act, of those sites for livestock stables located in the Special Metropolitan City, a Metropolitan City (excluding a Gun within a Metropolitan City), or a Si (excluding an Eup or Myeon area in a Si in the urban and rural complex established under Article 3 (4) of the Local Autonomy Act and in the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City), for which three years have passed since it was incorporated into any of such areas: Provided, That the following cases shall be excluded herefrom:

(a) A site for livestock stables incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a large - scale development project within an area (referring to a single project implementation area, the project authorization of which is publicly notified on the same day) for a development project (hereafter in this subparagraph, referred to as "large - scale development project"), in which case the number of owners of land within the project implementation area is at least one thousand, or the project implementation area is at least the scale prescribed by Ordinance of the Ministry of Strategy and Finance, and three years have passed since it was incorporated into the project implementation area while the project has been implemented in phases or compensation is delayed;

(b) A site for livestock stables incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a development project, the operator of which is the State, local government, or public institution prescribed by Ordinance of the Ministry of Strategy and Finance, within a development project area, and regarding which any unavoidable cause prescribed by Ordinance of the Ministry of Strategy and Finance arises;

(c) A site for livestock stables incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act, in which case a large - scale development project has been implemented within

three years after it was incorporated, and three years have passed since it was incorporated into such area while the project has been implemented in phases or compensation is delayed (limited to sites for livestock stables located within the large - scale development area);

2. Where a site for livestock stables is designated as land reserved for replotting, other than a site for livestock stables prior to a disposition of land replotting pursuant to the Urban Development Act or other Acts, the site for livestock stables for which three years have passed from the date the site for livestock stables was so designated: Provided, That settlement money for land replotting granted for the disposition of land replotting shall be excluded herefrom.

(4) Paragraph (3) shall apply based on a site for livestock stables as on the date of transfer under Article 162 of the Enforcement Decree of the Income Tax Act: Provided, That if a buyer has altered the form or quality of a site, or has commenced construction before the date of transfer pursuant to the terms and conditions of the sales and purchase agreement, it shall be based on the site for livestock stables as on the date of execution of the sales and purchase agreement, and if the relevant site for livestock stables has been designated as the land reserved for replotting, other than a site for livestock stable, before a disposition of land replotting, and the land, for which three years have not passed from the date the land was so designated, has become unavailable for livestock breeding due to the implementation of a land development project after being designated as the land reserved for replotting, it shall based on the site for livestock stables as on the commencement date of the land development project.

(5) Where a site for livestock stables is exchanged, partitioned, combined, or substituted, and the newly - acquired site for livestock stables is purchased through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects and is expropriated under any other Act, a period during which a site for livestock stables before its exchange, partition, combination, or substitution is used for livestock breeding shall be included in the period used for breeding livestock referred to in paragraph (3).

(6) When calculating the period during which the site is used for breeding livestock as referred to in paragraph (3), where the heir continues using the inherited site for breeding livestock (referring to use of the inherited site for breeding livestock while

residing in any of the areas specified under paragraph (1); hereafter in this paragraph and paragraph (7), the same shall apply) for at least one year, the following applicable period shall be deemed the period during which the heir uses such site for breeding livestock: <Amended by Presidential Decree No. 23590, Feb. 2, 2012>

1. The period during which the decedent has used such site for breeding livestock after acquisition (limited to a period during which the former decedent has used such site for breeding livestock);
2. Where the decedent inherited a site for livestock stables from his/her spouse and has used such site for breeding livestock, the period during which the decedent ' s spouse had used the site for breeding livestock after acquiring it.

(7) Notwithstanding paragraph (6), where the heir transfers the inherited site for livestock stables by the date three years lapse since the date of inheritance or it is purchased through a negotiation or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or other Acts although the heir fails to continue using the inherited site for livestock stables for at least one year, if the site for livestock stables is designated (referring to the date the head of a relevant administrative agency issues a public notice on the Official Gazette or official report) as any of the following areas by the date three years lapse since the date of inheritance (including designation before the date of inheritance), the period referred to in paragraph (6) 1 and 2 shall be deemed the period during which the heir has used the site for livestock stables for livestock breeding:

1. An area prearranged for housing site development under Article 3 of the Housing Site Development Promotion Act;
2. An industrial complex designated under Article 6, 7, 7 - 2, or 8 of the Industrial Sites and Development Act;
3. Areas prescribed by Ordinance of the Ministry of Strategy and Finance, other than those specified in subparagraphs 1 and 2.

(8) Business closure referred to in the main sentence of Article 69 - 2 (1) of the Act, means that a resident practically stops breeding livestock and such business closure is certified by a letter of confirmation on the period of operation of the livestock business and business closure prescribed by Ordinance of the Ministry of Strategy and Finance that is issued by the head of a Si (including the head of an administrative Si established under the Special Act on the Establishment of Jeju Special Self -

Governing Province and the Development of Free International City)/Gun/Gu (referring to the head of an autonomous Gu) having jurisdiction over the place where the relevant site for livestock stables is located.

(9) The amount of tax to be exempted under Article 69 - 2 (1) of the Act, shall be calculated by the following formula: < Amended by Presidential Decree No. 26959, Feb. 5, 2016 > Amount of tax to be exempted = Amount of capital gains tax calculated \times (Area of the site for livestock stables (Provided, That the area shall be deemed 1,650 square meters, if the area exceeds 1,650 square meters) \div Total area transferred)

(10) "Income prescribed by Presidential Decree" in the proviso to Article 69 - 2 (1) of the Act, means the amount calculated by the following formula, out of the amount of capital gains under Article 95 (1) of the Income Tax Act (hereafter in this paragraph, referred to as " amount of capital gains "). In such cases, if the site for livestock stables is purchased through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, the standard market value on which the calculation of the amount of compensation is based, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period shall apply where the land is acquired or transferred, or the date of incorporation into a residential area, etc. or the date of designation of the land reserved for replotting arrives, before a new standard market value is publicly notified: < Amended by Presidential Decree No. 26070, Feb. 3, 2015 > Amount of capital gains \times {(Standard market value as at the date of incorporation into a residential area, etc. or the date of designation of the land reserved for replotting - Standard market value at the time of acquisition) \div (Standard market value at the time of transfer - Standard market value at the time of acquisition) }

(11) "Cases prescribed by Presidential Decree, such as inheritance" in the proviso to Article 69 - 2 (2) of the Act, means where a person whose capital gains tax on the site for livestock stables has been exempted pursuant to Article 69 - 2 (1) of the Act becomes engaged in the livestock business due to inheritance since then.

(12) A person who intends to be granted an exemption of capital gains tax under Article 69 - 2 (3) of the Act, shall file an application for tax exemption and a letter of confirmation on the period of operation of the livestock business and business

closure referred to in paragraph (8) (or documents evidencing the period of operation of the livestock business and business closure, if the relevant business is the livestock breeding business defined under Article 22 (3) of the Livestock Industry Act, and it is impossible to confirm the period of operation of the livestock business and business closure referred to in paragraph (8)), in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return (including a preliminary return) for the taxable period in which the relevant site for livestock stables was transferred.<Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(13) Article 66 (14) shall apply mutatis mutandis to the calculation of the period during which a site for livestock stables is used for breeding livestock under paragraph (3).<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 23039, Jul. 25, 2011]

Article 67 (Requirements, etc. for Reducing or Exempting Capital Gains Tax for

Substitute Land for Farmland)(1) "Resident prescribed by Presidential Decree" in Article 70 (1) of the Act, means a resident defined in Article 1 - 2 (1) 1 of the Income Tax Act as on the date of transfer of the farmland before being replotted for substitute land (including persons in whose cases two years have not passed since they became non - residents), who has lived for at least four years in any of the following areas (including areas that used to any of the following areas at the time the resident commenced cultivation but cease to be such areas due to the change of administrative districts, etc.; hereafter in this Article, referred to as "location of farmland") for at least four years: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26922, Jan. 22, 2016>

1. An area within a Si (including the Special Self - Governing City and the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this paragraph, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this paragraph, the same shall

apply) where farmland is located;

2. An area within a Si/Gun/Gu adjacent to the area referred to in subparagraph 1;
3. An area within the radius of 30 kilometers from the relevant farmland.

(2) “ Directly cultivated by the method prescribed by Presidential Decree ” in the main sentence of Article 70 of the Act, means either of the following cases:<Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where a resident regularly engages in cultivating agricultural products or growing perennial plants on his/her own farmland;
2. Where a resident conducts at least 1/2 of farming activities for cultivating or growing agricultural products on his/her own farmland with his/her own labor.

(3) "Conditions prescribed by Presidential Decree" in Article 70 (1) of the Act, means farmland substituted as necessary for cultivation, which falls under any of the following cases:<Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. Any of the following farmland if a person, who resided at the location of the previous farmland for at least four years and acquired new farmland within one year (or two years where the land is purchased through negotiations or expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects or is expropriated under any other Act) from the date of transfer of the previous farmland, has commenced cultivation within one year (or within a period set by Ordinance of the Ministry of Strategy and Finance, where it is impracticable to cultivate due to any extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, such as recuperation from a disease) while residing at the location of the new farmland: Provided, That this shall be limited to where the aggregate of the period during which he/she has continuously cultivated the new farmland while residing at the location of such farmland after commencing the cultivation thereof and the period of cultivation of the previous farmland is at least eight years:

- (a) The area of the newly - acquired farmland shall be at least 2/3 of the area of the farmland to be transferred;

- (b) The value of the newly - acquired farmland shall be at least 1/2 of the value of the farmland to be transferred;
2. Any of the following farmland, if a person, who resided at the location of the previous farmland for at least four years and transferred the previous farmland within one year from the date of acquisition of new farmland, has commenced cultivation within one year (or within a period set by Ordinance of the Ministry of Strategy and Finance, where it is impracticable to cultivate due to any extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, such as recuperation from a disease) while residing at the location of the new farmland: Provided, That this shall be limited where the aggregate of the period during which he/she has continuously cultivated the new farmland while residing at the location of such farmland after commencing the cultivation thereof and the period of cultivation of the previous farmland is at least eight years:
- (a) The area of the newly - acquired farmland shall be at least 2/3 of the area of the farmland to be transferred;
- (b) The value of the newly - acquired farmland shall be at least 1/2 of the value of the farmland to be transferred.
- (4) For the purposes of paragraph (3) 1 and 2, where newly - acquired farmland is purchased through negotiations or expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects or is expropriated under any other Act within four years from the date of acquisition, the owner of the newly - acquired farmland shall be deemed to have cultivated for at least four years while residing at the location of such farmland.<Amended by Presidential Decree No. 25211, Feb. 21, 2014>
- (5) For the purposes of paragraph (3) 1 and 2, where an owner of farmland had cultivated the previous farmland after acquisition of new farmland and the new farmland for a total period not exceeding eight years before the owner died and the heir has continuously cultivated while residing at the location of such farmland, the period of cultivation by the decedent and the heir shall be summed up.<Amended by Presidential Decree No. 25211, Feb. 21, 2014>
- (6) For the purposes of paragraph (3) 1 and 2, Article 66 (14) shall apply mutatis mutandis to the calculation of the period during which the previous farmland and new farmland have been cultivated. In such cases, where any period referred to in Article

66 (14) exists before an eight - year period passes during which the previous farmland and new farmland are cultivated after commencing the cultivation of new farmland, the new farmland shall be deemed not cultivated continuously.<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

(7) "Income prescribed by Presidential Decree" in the proviso to Article 70 of the Act, means the amount calculated by the following formula, out of the amount of capital gains under Article 95 (1) of the Income Tax Act (hereafter in this paragraph, referred to as the " amount of capital gains "). In such cases, if the land is purchased through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or is expropriated any other Act, the standard market value on which the calculation of the amount of compensation is based, shall be deemed the standard market value at the time of transfer, but the standard market value for the immediately preceding period, shall apply where the land is acquired or transferred or the date of incorporation into a residential area, etc. or the date of designation of the land reserved for replotting arrives, before a new standard market value is publicly notified: <Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015>
$$\text{Amount of capital gains} \times \left\{ \frac{(\text{Standard market value as at the date of incorporation into a residential area, etc. or the date of designation of the land reserved for replotting} - \text{Standard market value at the time of acquisition})}{(\text{Standard market value at the time of transfer} - \text{Standard market value at the time of acquisition})} \right\}$$

(8) "Land prescribed by Presidential Decree" in Article 70 (2) of the Act, means any of the following farmland:<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22953, Jun. 3, 2011; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26922, Jan. 22, 2016>

1. Farmland within a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act, among the farmland located in the Special Metropolitan City, a Metropolitan City (excluding a Gun within a Metropolitan City), a Si (excluding Eup or Myeon areas in a Si in the urban and rural complex under Article 3 (4) of the Local Autonomy Act, or Eup or Myeon areas in the administrative Si established under Article 10 (2) of the Special Act on

the Establishment of Jeju Special Self - Governing Province and the Development of Free International City), for which three years have passed since its incorporation into any of such areas: Provided, That the following farmland shall be excluded herefrom:

- (a) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a large - scale development project within an area (referring to a single project implementation area, the project authorization of which is publicly notified on the same day) for a development project (hereafter in this subparagraph, referred to as "large - scale development project"), in which case the number of owners of land within the project implementation area is at least one thousand, or the project implementation area is at least the scale prescribed by Ordinance of the Ministry of Strategy and Finance, and three years have passed since it was incorporated into the project implementation area while the project has been implemented in phases or compensation is delayed;
 - (b) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act for the implementation of a development project, the operator of which is the State, local government, or public institution prescribed by Ordinance of the Ministry of Strategy and Finance, within a development project area, and regarding which any unavoidable cause prescribed by Ordinance of the Ministry of Strategy and Finance arises;
 - (c) Farmland incorporated into a residential, commercial, or industrial area designated under the National Land Planning and Utilization Act, in which case a large - scale development project has been implemented within three years after it was incorporated, and three years have passed since it was incorporated into such area while the project has been implemented in phases or compensation is delayed (limited to farmland located within the large - scale development area);
2. Where farmland is designated as land reserved for replotting, other than farmland, prior to a disposition of land replotting pursuant to the Urban Development Act or other Acts, the farmland for which three years have passed from the date the farmland was so designated: Provided, That settlement money for land replotting granted for the disposition of land replotting shall be excluded herefrom.

(9) Any person who intends to apply for a reduction or exemption of capital gains tax pursuant to Article 70 (3) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment, along with his/her tax return (including a preliminary return) for the taxable year in which the relevant farmland is transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(10) "Grounds prescribed by Presidential Decree" in Article 70 (4) of the Act, means any of the following cases. Paragraphs (4) and (5) shall apply mutatis mutandis to the calculation, etc. of the period of cultivation in such cases: <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014 >

1. Where a resident fails to acquire new farmland within one year (within two years, where the previous farmland is purchased through negotiations or expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects, or is expropriated under any other Act) from the date of transfer of the previous farmland, or the area or value of the newly - acquired farmland does not meet the criteria for area or value provided for in the items of paragraph (3) 1;
2. Where a resident fails to commence cultivation of new farmland while residing thereat within one year (or within the period set by Ordinance of the Ministry of Strategy and Finance, where it is impracticable to cultivate due to any extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, such as recuperation from a disease) from the date of acquisition (or the date of transfer of the previous farmland, in cases falling under paragraph (3) 2) thereof;
3. Where a resident has continuously cultivated new farmland residing thereat after commencing cultivation thereof and the previous farmland for a total period of less than eight years;
4. Where any period referred to in Article 66 (14) exists before the lapse of a total eight - year period for continuous cultivation of new farmland while residing thereat after commencing cultivation thereof and the cultivation of the previous farmland.

(11) "Equivalent to interest calculated, as prescribed by Presidential Decree" in Article 70 (5) of the Act, means an amount calculated by multiplying an amount equivalent to the amount of tax payable under Article 70 (4) of the Act by the period prescribed under subparagraph 1 and by the rate prescribed under subparagraph 2:

<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

1. The period from the day following the deadline for payment of capital gains tax on previous farmland, until the date the capital gains tax is paid under Article 70 (4) of the Act;
2. 3/10,000 per day.

[This Article Newly Inserted by Presidential Decree No. 19256, Dec. 31, 2005]

Article 67 - 2 (Special Taxation for Capital Gains Tax on Sale, etc. of Farmland to Support Business Workout)

(1) A person who intends to receive a refund under Article 70 - 2 (3) of the Act shall file an application for refund in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the following documents, with the head of a tax office having jurisdiction over the place of tax payment:

1. A copy of a sales contract under which he/she has transferred farmland, etc. to the Korea Rural Community Corporation established under the Korea Rural Community Corporation and Farmland Management Fund Act (hereafter referred to as the "Korea Rural Community Corporation" in this Act);
2. A copy of a buy - back contract under which he/she has bought back the relevant farmland, etc. from the Korea Rural Community Corporation.

(2) Article 51 of the Framework Act on National Taxes shall apply mutatis mutandis where the head of a tax office having jurisdiction over the place of tax payment in receipt of an application for refund filed under paragraph (1) makes a refund. In such cases, Article 52 of the same Act stipulating provisions on the additional refund of national tax shall not apply.

(3) Article 66 shall apply where a farmer who has obtained a refund of capital gains tax under Article 70 - 2 (1) of the Act re - transfers the farmland, etc. bought back, deeming that the period of cultivation within the lease period under Article 24 - 3 (3) of the Korea Rural Community Corporation and Farmland Management Fund Act to be the period during which the farmer has directly cultivated the farmland, etc.

(4) Where an application for buy - back of a parcel of farmland, etc. is filed under Article 19 - 6 (2) of the Korea Rural Community Corporation and Farmland Management Fund Act, the amount of tax to be refunded under paragraph (2) shall be the amount equivalent to the capital gains tax paid for the farmland, etc. bought

back.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 68 (Reduction or Exemption of Gift Tax for Farmland, etc. Gifted to Farming

Offspring) (1) "Resident prescribed by Presidential Decree" in Article 71 (1) of the Act, means a person who satisfies each of the following requirements (hereafter in this Article, referred to as "self-cultivating farmer"): <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. The resident shall reside in a Si, Gun, or Gu (referring to an autonomous Gu; hereafter in this Article, the same shall apply) in which he/she has the farmland, etc. referred to in Article 71 (1) of the Act (hereafter in this Article, referred to as "farmland, etc.") or in any Si/Gun/Gu adjacent to such Si/Gun/Gu, or in an area within the radius of 30 kilometers from the relevant farmland, etc.;
2. The resident has directly engaged in farming continuously for at least three years retroactively from the date the farmland, etc. was conveyed to him/her as a gift.

(2) Deleted. <by Presidential Decree No. 26959, Feb. 5, 2016>

(3) "Lineal descendants prescribed by Presidential Decree" in Article 71 (1) of the Act, means persons who satisfy each of the following requirements (hereafter in this Article, referred to as "farming offspring"): <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

1. To be a lineal descendent who has attained the age of 18 years as at the date of conveyance of farmland, etc. as a gift;
2. To be a person who meets the requirement provided for in paragraph (1) 1 by no later than the deadline for filing a tax return on gift tax under Article 68 of the Inheritance Tax and Gift Tax Act and engages directly in farming in the farmland, etc. conveyed as a gift.

(4) "Other development project zones prescribed by Presidential Decree" in Article 71 (1) 3 of the Act, means project zones prescribed in attached Table 6 - 2. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(5) "Just grounds prescribed by Presidential Decree, such as the death of farming offspring" in Article 71 (2) of the Act, means any of the following cases: <Amended by

[Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010](#)>

1. Where the land is purchased through negotiations or expropriated under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects or is expropriated under any other Act;
2. Where the land is transferred to the State or a local government;
3. Where it is impracticable to use the land as farmland, etc. because the category of such land is changed following a disposition of land replotting under the Rearrangement of Agricultural and Fishing Villages Act or any other Act;
4. Where the farming offspring emigrates to a foreign country pursuant to the Emigration Act;
5. Where the farmland was exchanged, partitioned, combined, or substituted pursuant to Article 89 (1) 2 of the Income Tax Act or Article 70 of the Act, and the aggregate of the period during which the farmland, etc. had been previously self-cultivated and the period during which the farmland, etc. has been self-cultivated after such exchange, partition, combination, or substitution, is at least eight years;
6. Where any other unavoidable ground prescribed by Ordinance of the Ministry of Strategy and Finance, arises.

(6) "Just grounds prescribed by Presidential Decree, such as having a disease or attending school" in Article 71 (2) of the Act, means any of the following cases:

[<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010](#)>

1. Where the farming offspring is under medical treatment or convalescence due to a disease that requires medical treatment or convalescence for at least one year;
2. Where the farming offspring becomes unable to engage in farming temporarily because such farm offspring enters a school specializing in agriculture among schools under the Higher Education Act;
3. Where the farming offspring is conscripted pursuant to the Military Service Act;
4. Where the farming offspring takes a public office through an election under the Public Official Election Act;
5. Where any other unavoidable ground prescribed by Ordinance of the Ministry of Strategy and Finance, arises.

(7) Where a parcel of farmland, etc. is transferred, and a parcel of farmland, etc. conveyed as a gift under Article 71 (1) of the Act is included in the parcel, the

amount of capital gains accruing from the part for which the gift tax was reduced or exempted shall be calculated separately from the one accruing from the part on which the tax was imposed.

(8) When any farming offspring receives at least two parcels of farmland, etc. as a gift simultaneously and files an application for reduction or exemption, the framing offspring shall determine the priority of the parcel of farmland, etc. for which he/she desires to be granted a reduction or exemption of gift tax: Provided, That, where such farming offspring files an application for reduction or exemption without specifying the priority of the parcel of farmland, etc. for which he/she desires to be granted a reduction or exemption of gift tax, it shall be deemed that he/she files the application for reduction or exemption for the parcel of farmland, etc., whichever has the higher value at the time when the farmland is conveyed as a gift.

(9) Any farming offspring who intends to file an application for reduction or exemption under Article 71 (1) of the Act, shall file an application for reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the following documents: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22467, Nov. 2, 2010>

1. A tax payment certificate for the agricultural income tax paid by the self-cultivating farmer or farming offspring or a document evidencing the farming;
2. A copy of the purchase contract executed to acquire the relevant farmland, etc.;
3. A copy of the contract for conveyance of the relevant farmland, etc. as a gift;
4. A description of the farmland, etc. conveyed as a gift;
5. A certificate of investment in an agricultural partnership, where the relevant farmland, etc. is invested in kind in the agricultural partnership;
6. A family relation certificate of the self-cultivating farmer;
7. Other documents specified by Ordinance of the Ministry of Strategy and Finance.

(10) Upon receipt of an application for reduction or exemption filed under paragraph (9), the head of the tax office having jurisdiction over the place of tax payment shall verify the following documents by matching them against administrative information available for sharing under Article 36 (1) of the Electronic Government Act: Provided, That he/she shall require the applicant to submit the relevant documents, if the applicant does not consent to the verification of the documents referred to in

subparagraphs 1 and 2: <Amended by Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010>

1. A certified copy of the resident registration card of the self - cultivating farmer;
2. A certified copy of the applicant's resident registration card;
3. A certified copy of the registry of the farmland, etc. conveyed as a gift;
4. A written verification on the land use plan of the land, etc. conveyed as a gift.

(11) Article 16 (4) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act shall apply mutatis mutandis to the criteria for determining whether a person “directly engages in farming” in paragraphs (1) 2 and (3) 2. In such cases, “decedent” shall be construed as “self - cultivating farmer”; and “heir” as “farming offspring.” <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

SECTION 8 Special Taxation for Support to Public Service Projects

Article 69 (Special Taxation of Corporate Tax for Association Corporation, etc.)(1)

"Amount calculated by applying the provisions concerning the calculation of the amount of non - deductible expenses prescribed by Presidential Decree" in the main sentence of Article 72 (1) of the Act, means the amount of non - deductible expenses provided for in Articles 19 - 2 (2), 24 through 28, 33, and 34 (3) of the Corporate Tax Act (only applicable to the amount related to the profit - making business of the relevant corporation). <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

(2) A corporation that wishes to waive the taxation on its current net income under the proviso to Article 72 (1) of the Act, shall file (including filing through the Home Tax Service Network) an application prescribed by Ordinance of the Ministry of Strategy and Finance, by the end of the business year immediately preceding that for which it intends to waive the taxation on its current net income (in cases of a newly - incorporated corporation, the date of filing an application for issuance of the business registration certificate), with the head of a tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 18312, Mar. 17, 2004; Presidential Decree No. 20720, Feb. 29, 2008>

(3) For the purposes of Article 72 (1) of the Act, the amount disbursed for the projects directly performed to achieve the objectives of incorporation (limited to any projects other than the profit - making projects referred to in Article 2 (1) of the Enforcement Decree of the Corporate Tax Act), which are provided for in the statutes governing an incorporation of the relevant cooperative corporation, etc. or its articles of incorporation (including the rules set forth under delegation by such statutes, or its articles of incorporation), shall not be deemed the donations or entertainment expenses under Article 24 or 25 of the Corporate Tax Act, and the proviso to Article 25 (1) 2 of the same Act shall not apply to the revenues accrued from the transactions with the members or partners investing in the relevant cooperative corporation, etc. <Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005 >

(4) In calculating the donations of a cooperative corporation, etc. not added to the deductible expenses under Article 72 (1) of the Act, the income amount referred to in Article 24 (1) 1 or the proviso to Article 24 (2) of the Corporate Tax Act shall be the aggregate of the current net profit on the closing financial statements of the cooperative corporation, etc., the designated donations under Article 24 (1) of the same Act, and the donations under any subparagraph of Article 24 (2) of the same Act, and the donations under Article 76 of the Act. <Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22583, Dec. 30, 2010 >

(5) Matters necessary for the calculation, etc. of the amount of non - deductible expenses referred to in paragraph (1), shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013 >

Article 69 - 2 Deleted; <by Presidential Decree No. 22583, Dec. 30, 2010 >

Article 70 (Inclusion of Reserves Funds for Proper Purpose Business in Deductible

Expenses)(1) "Foundations prescribed by Presidential Decree" in Article 74 (1) 6 of the Act, means any of the following: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009 >

1. A local cultural institute established under authorization of the competent Minister under the Promotion of Local Cultural Institutes Act;
2. Seoul Arts Center established under Article 23 - 2 of the Culture and Arts Promotion Act;
3. Culture and arts organizations prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) "Amount prescribed by Presidential Decree" in Article 74 (2) of the Act, means 60/100 of the amount calculated by subtracting the loss carried forward under Article 18 (1) of the Enforcement Decree of the Corporate Tax Act from the income amount accruing from the profit - making business in the relevant business year. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(3) For the purpose of Article 74 (2) of the Act, the amount set aside by the National Agricultural Cooperatives Federation under Article 74 (2) 1 of the Act to compensate for losses incurred from performing the agreement for production control or shipping control under Article 12 of the Act on the Special Measures for Development of Agricultural and Fishing Villages, shall be deemed the reserve fund for proper purpose business. <Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

(4) "Non - profit corporation prescribed by Presidential Decree" in Article 74 (3) of the Act, means any non - profit corporation which manages and operates the Funds which are permitted to acquire and transfer stocks under the Acts listed in attached Table 2 to the National Finance Act, among the Funds established pursuant to the relevant Acts. <Newly Inserted by Presidential Decree No. 17236, Jun. 12, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19806, Dec. 29, 2006; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21307, Feb. 4, 2009 >

(5) "Any area prescribed by Presidential Decree" in Article 74 (4) of the Act, means an area that is prescribed by Ordinance of the Ministry of Strategy and Finance and meets each of the following requirements: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26922, Jan. 22, 2016 >

1. A Si/Gun area (including the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City) with a population not exceeding

300,000 persons;

2. An area where neither a national university - affiliated hospital established under the Act on the Establishment of National University - Affiliated Hospitals nor a hospital operated by a private school established under the Private School Act, is located.

Article 71 (Donation Incentives) (1) “ 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 and transparency in accounting ” in Article 75 (2) of the Act, are as follows: <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. No donation receipt shall be issued with any false statement therein;
2. A statement of issuance of donation receipts to each donor shall be prepared and kept pursuant to Article 160 - 3 of the Income Tax Act or Article 112 - 2 of the Corporate Tax Act and shall be submitted pursuant to Article 160 - 3 (3) of the Income Tax Act or Article 112 - 2 (3) of the Corporate Tax Act;
3. Supporting documents for tax credits for donations shall be submitted to the Commissioner of the National Tax Service pursuant to Article 165 of the Income Tax Act;
4. A web - site shall be opened, and the amount of donations collected each year and the use of the donations shall be made public by posting a statement of the amount of donations collected each year and the use of the donations, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, on the relevant web - site and the web - site of the National Tax Service by March 31 of the following year (referring to the year in which an application for designation is filed, if it is filed pursuant to paragraph (2));
5. The donee shall be audited by the auditor specified in Article 3 of the Act on External Audit of Stock Companies;
6. An exclusive account shall be opened and used pursuant to Article 50 - 2 of the Inheritance Tax and Gift Tax Act;
7. A settlement of accounts, etc. specified in Article 50 - 3 (1) (excluding subparagraph 5) of the Inheritance Tax and Gift Tax Act, shall be disclosed on the web - site referred to in subparagraph 4 or the web - site of the National Tax

Service;

8. If the designation was revoked under Article 75 (8) 1, 2, or 4 of the Act, five years shall have passed from the date of revocation.

(2) An entity that wishes to be designated as an organization eligible for donation incentives defined under Article 75 (3) of the Act (hereafter in this Article, referred to as "organization eligible for donation incentives"), shall file an application for designation of an organization eligible for donation incentives in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the Commissioner of the National Tax Service, during the period from the first day to the last day of the month immediately preceding the last month of each semi - annual term (during the period from March 1 to March 31 additionally in the case of 2016), along with the following documents: <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

1. The permit for incorporation (only if the applicant is a corporation);
2. Annual reports for the most recent five years and the budget for the relevant business year;
3. The audit report on the annual reports for the most recent five years.

(3) Upon receipt of an application filed under paragraph (2), the Commissioner of the National Tax Service shall recommend the Minister of Strategy and Finance to designate an organization eligible for donation incentives, by the end of the month immediately following the last month of the semi - annual term in which the application is filed (or by May 31, 2016, if an application for designation of an organization eligible for donation incentives is filed under paragraph (2) during the period from March 1 to March 31, 2016); and the Minister of Strategy and Finance, upon receipt of such recommendation, shall determine whether to designate the relevant applicant as an organization eligible for donation incentives by the end of the second month after the month in which he/she receives the recommendation. In such cases, the designation of an organization eligible for donation incentives shall be valid for six years from January 1 of the year in which it is designated. <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

(4) An organization eligible for donation incentives designated under paragraph (3), shall report to the Commissioner of the National Tax Service on whether it meets the requirements provided for in paragraph (1) (hereafter in this Article, referred to as " whether the requirements are met "), in the form prescribed by Ordinance of the

Ministry of Strategy and Finance. If the organization eligible for donation incentives fails to report whether the requirements are met in such cases, the Commissioner of the National Tax Service shall request the organization to report thereon, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(5) If a donor files an application for donation incentives for at least two organizations eligible for donation incentives, the head of the tax office having jurisdiction over the place of tax payment shall determine the amount calculated by the following formula as the donation incentives for each organization eligible for donation incentives: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

Donation incentives calculated under Article 75 (4) of the Act × (Donated amount according to the donor's application for donation incentives for each organization eligible for donation incentives ÷ Total amount of donations according to the donor's application for donation incentives)

(6) “ Interest rate prescribed by Presidential Decree ” in Article 75 (7) 2 of the Act, means 3/10,000 per day.

(7) “ 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 ” in Article 75 (8) 4 of the Act, means the following cases:

1. Where the organization eligible for donation incentives fails to meet any of the requirements provided for in paragraph (1) or fails to report whether the requirements are met, despite a request made under the latter part of paragraph (4);
2. Where the representative, agent, employee, or worker of the organization eligible for donation incentives, is sentenced to a fine or any heavier punishment as a corporation or an individual under Article 16 of the Act on Collection and Use of Donations for violating the same Act;
3. Where the organization eligible for donation incentives becomes subject to additional collection of inheritance tax or gift tax of at least ten million won under Article 48 (2) or (3) of the Inheritance Tax and Gift Tax Act;
4. Where the organization eligible for donation incentives engages in any unauthorized business activity, breaches any condition for permission for establishment, or violates the purpose of public good;

5. Where the organization eligible for donation incentives does not spend at least 80/100 of its expenditure, except the expenditure for profit - making business for the relevant business year, directly for its proper purpose business activities.

(8) Where any of the events specified under Article 75 (8) of the Act or paragraph (7) of this Decree occurs in relation to an organization eligible for donation incentives, the Commissioner of the National Tax Service may request the Minister of Strategy and Finance to revoke the designation of the organization.

(9) Upon revoking the designation of an organization eligible for donation incentives under Article 75 (8) of the Act, the Minister of Strategy and Finance shall publicly announce the name of the organization eligible for donation incentives, the fact that the designation is revoked, and the period for which it cannot be designated as an organization eligible for donation incentives (referring to the period specified in Article 75 (9) of the Act) on the Official Gazette by December 31 of the year in which the designation is revoked (or by January 31 of the following year, if the designation is revoked in December).

(10) In order for a donor to make an organization eligible for donation incentives that has received his/her donations to be granted an amount equivalent to the tax credit on the donations under Article 75 (1) of the Act, the donor shall file an application for donation incentives in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the organization eligible for donation incentives. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 72 (Reduction or Exemption of Capital Gains Tax for Land, etc. for Public Works Projects)

(1) "Bonds prescribed by Presidential Decree" in Article 77 (1) of the Act, means compensation bonds prescribed in Article 45 of the Land Expropriation Act repealed under Article 2 of Addenda to the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects (Act No. 6656) or Article 63 of the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects (hereafter in this Article, referred to as "compensation bond"). <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(2) “ The Special Act on Public Housing and other Acts prescribed by Presidential Decree ” in Article 77 (1) of the Act, means the following Acts:<Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25339, Apr. 29, 2014; Presidential Decree No. 26762, Dec. 28, 2015>

1. The Special Act on Public Housing;
2. The Housing Site Development Promotion Act;
3. The Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects;
4. Other Acts similar to those referred to in subparagraphs 1 through 3, which prescribe matters concerning purchase through negotiations or expropriation for public works projects.

(3) "Manner prescribed by Presidential Decree" in Article 77 (1) of the Act, means depositing compensation bonds at the Korea Securities Depository through an account opened by the project operator as the depositor until the maturity of such compensation bonds.<Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(4) Where a person who has transferred land, etc. for a public project pursuant to Article 77 (2) of the Act, intends to be granted a reduction or exemption of capital gains tax, the implementer of the public project referred to in Article 77 (1) 1 of the Act or the relevant project implementer referred to in Article 77 (1) 2 of the Act (hereafter in this Article, referred to as "project implementer"), shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance accompanied with documents certifying as the relevant project implementer, with the head of the tax office having jurisdiction over the place, where the transferor pays taxes within two months from the date of designation as the project implementer.<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(5) "Time limit prescribed by Presidential Decree" in Article 77 (3) 2 of the Act, means the first anniversary from the date of designation as a project operator under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents in cases of authorization to implement the relevant project; and the date of completion as stated in the implementation plan of the relevant project, the implementation of which has been authorized under the Act on the

Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, in cases of the completion of the project.<Amended by Presidential Decree No. 18044, Jun. 30, 2003; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010>

(6) If a person who concluded a special agreement to hold the compensation bonds until maturity pursuant to Article 77 (1) of the Act (hereafter in this Article, referred to as "person who concluded a special agreement"), violates the special agreement, the project implementer shall notify the head of the tax office having jurisdiction over the place of tax payment of the violation and details of compensation for the person who concluded a special agreement by the end of the month following the month in which the person commits such violation.<Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(7) A project implementer who intends to be granted a tax reduction pursuant to Article 77 (6) of the Act, shall file an application for tax reduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the documents certifying that he/she is the project implementer, (including the documents certifying the conclusion of a special agreement and the deposit of compensation bonds, in cases of a person who has concluded a special agreement), with the head of the tax office having jurisdiction over the tax payment of the transferor, along with his/her tax return for the taxable year in which the relevant land, etc. is transferred.<Amended by Presidential Decree No. 18044, Jun. 30, 2003; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010>

(8) Any person who intends to be granted a tax reduction pursuant to Article 77 (7) of the Act, shall file an application for tax in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the documents certifying that the relevant land has been expropriated (including the documents certifying the conclusion of a special agreement and the deposit of compensation bonds, in cases of a person who has concluded a special agreement), with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return (including a preliminary return in cases of a resident or a nonprofit domestic

corporation which has filed a preliminary return under Article 62 - 2 (7) of the Corporate Tax Act) for the taxable year in which the relevant land, etc. is transferred. <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010 >

Article 73 (Special Taxation for Capital Gains Tax on Compensation by Substitute Land)

(1) Where a resident has transferred land, etc. to a project operator and is paid for the price for the transfer of the land, etc. in full or partially with the land developed by implementing the relevant public project (hereafter in this Article, referred to as “ substitute land ”) under Article 77 - 2 (1) of the Act, the resident is entitled to special taxation for capital gains tax as follows: <Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016 >

1. Where the resident applies for tax reduction or exemption: The resident is entitled to a reduction of an amount of tax equivalent to 15/100 of capital gains tax on the amount calculated by the following formula, out of the capital gains on the transfer of the relevant land, etc. to the project operator:

Capital gains on the transfer of the relevant land, etc. under Article 95 (1) of the Income Tax Act minus the amount of special deduction for long - term holding defined under Article 95 (2) of the same Act × (Equivalent to compensation by substitute land ÷ Total amount of compensation)

2. Where the resident applies for tax deferral: The resident is exempt from capital gains tax on the amount calculated by the following formula (hereafter in this Article, referred to as “ tax - deferred amount ”), out of capital gains on the transfer of the relevant land, etc. to the project operator, but shall be levied capital gains tax at the time of transferring substitute land, deeming the acquisition price of the substitute land minus the tax - deferred amount to be the acquisition price. Where the substitute land is transferred in such cases, the period from the time of acquisition of the substitute land to the time of transfer thereof shall be deemed the holding period for the purposes of calculating the amount of special deduction for long - term holding under Article 95 (2) of the Income Tax Act:

Capital gains on the transfer of the relevant land, etc. under Article 95 (1) of the Income Tax Act minus the amount of special deduction for long - term holding defined under Article 95 (2) of the same Act × (Equivalent to compensation by substitute land ÷ Total amount of compensation)

(2) "Manner prescribed by Presidential Decree" in Article 77 - 2 (2) of the Act, means notifying the head of the tax office having jurisdiction over the place of tax payment of a statement of compensation made to a person who has received compensation with substitute land under Article 77 - 2 (1) of the Act (hereinafter referred to as "person compensated with substitute land"), by the end of the following month.

(3) Upon changing compensation with substitute land to cash compensation, the project operator shall notify the head of the tax office referred to in paragraph (2) of the details thereof by the end of the following month.

(4) In any of the following cases, a resident who had capital gains tax reduced or deferred under Article 77 - 2 (1) of the Act, shall file a return on the full amount of capital gains tax reduced under paragraph (1) 1 (referring to the amount calculated by subtracting the amount of tax that the resident has already paid upon receiving compensation in cash, in bonds, etc. from the amount of tax on total compensation (the amount of tax calculated by applying the tax reduction rate under Article 77 of the Act to the amount of capital gains on the transfer of the relevant land, etc. by the resident to the project operator), if the resident was allowed to defer tax under paragraph (1) 2; hereafter in this Article, referred to as " amount of tax equivalent to the tax - deferred amount ") and shall pay such full amount plus the equivalent to interest thereon, as calculated by applying mutatis mutandis Article 63 (9), within two months from the end of the month in which the relevant cause arises: <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015 >

1. Where compensation with substitute land is changed to cash compensation because the resident has violated prohibition against resale under Article 63 (3) of the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects;
2. Where the resident transfers the relevant substitute land within three years after completing the registration of transfer of ownership in such substitute land:

Provided, That the same shall not apply where the substitute land is purchased through negotiations or is expropriated under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects or is expropriated under any other Act within three years after the acquisition of the substitute land.

(5) In any of the following cases, a resident who had capital gains tax reduced or deferred under Article 77 - 2 (1) of the Act (referring to the heir to the relevant resident, in cases of inheritance under subparagraph 3), shall file a return on the capital gains tax and shall pay the difference between the compensation paid with substitute land and the amount of capital gains tax reduced (referring to the amount of tax equivalent to the tax - deferred amount, where the resident was allowed to defer tax under paragraph (1) 2) within two months (or three months in cases of donation under subparagraph 3; and six months in cases of inheritance under the same subparagraph) from the end of the month in which the relevant cause arises: <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

1. Where the cause for registering the transfer of ownership in the relevant substitute land is not stated as compensation with substitute land;
2. Where compensation with substitute land has been changed to cash compensation due to any cause other than the cause provided for in paragraph (4) 1;
3. Where the relevant substitute land is donated or inherited.

(6) A person who intends to apply for a capital gains tax reduction or deferral pursuant to Article 77 - 2 (4) of the Act, shall file an application for tax reduction or deferral in the form prescribed by Ordinance of the Ministry of Strategy and Finance and copies of an application for compensation with substitute land and an agreement on compensation with substitute land, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the relevant land, etc. is transferred.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015>

(7) A project operator shall submit an application for tax reduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the documents certifying the identity of the project operator (including documents certifying the conclusion of a special agreement and the deposit of compensation bonds, if the project operator has concluded a special agreement), to the head of the tax office

having jurisdiction over the place of tax payment of the transferor, along with its tax return for the taxable year in which the relevant land, etc. is transferred, and shall submit a certified transcript of the relevant registry, to the head of the tax office having jurisdiction over the place of tax payment of the transferor, upon completing the registration of the transfer of ownership in the relevant substitute land. <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 74 (Reduction or Exemption of Capital Gains Tax for Land, etc. subject to

Purchase following Designation of Development Restriction Zones) (1) "Resident prescribed by Presidential Decree residing on the land, etc." in Article 77 - 3 (1) 1 and 2 and (2) 1 and 2 of the Act, means a person who resides in any of the following areas (including areas that used to be any of the following areas when a resident began to reside therein, but cease to be such area due to the reorganization of administrative districts, etc.): <Amended by Presidential Decree No. 21429, Apr. 21, 2009; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26922, Jan. 22, 2016>

1. An area within a Si (including the Special Self - Governing City and the administrative Si established under Article 10 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this paragraph, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this paragraph, the same shall apply) in which the relevant land, etc. is located;
2. An area within a Si/Gun/Gu adjacent to the area referred to in subparagraph 1;
3. An area within the radius of 30 kilometers from the relevant land, etc.

(2) " Area prescribed by Presidential Decree, such as a free economic zone under the Special Act on Designation and Management of Free Economic Zones " in the proviso to Article 77 - 3 (2) of the Act, means any of the following zones or areas: <Newly Inserted by Presidential Decree No. 21429, Apr. 21, 2009; Presidential Decree No. 21656, Jul. 30, 2009>

1. A free economic zone designated under Article 4 of the Special Act on Designation and Management of Free Economic Zones;

2. An area prearranged for housing site development designated under Article 3 of the Housing Site Development Promotion Act;
3. An industrial complex designated under Article 6, 7, 7 - 2, or 8 of the Industrial Sites and Development Act;
4. An area to be developed as an enterprise city designated under Article 5 of the Special Act on the Development of Enterprise Cities;
5. Areas prescribed by Ordinance of the Ministry of Strategy and Finance, similar to those provided for in subparagraphs 1 through 4.

(3) Any person who intends to apply for a reduction or exemption of capital gains tax pursuant to Article 77 - 3 (4) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the documents verifying the fact that the relevant land, etc. has been requested for purchase or has been purchased through negotiations, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return (including a preliminary return) for the taxable year in which the relevant land, etc. is transferred. <Amended by Presidential Decree No. 21429, Apr. 21, 2009 >

(4) For the purpose of calculating the period of residence under Article 77 - 3 (4) of the Act, the period during which the decedent has resided on the land, etc. after he/she bought them, shall be deemed the period during which the heir has resided; and the period during which the decedent could not reside on the relevant land, etc. due to school attendance, enlistment, recuperation from a disease, or other unavoidable reasons prescribed by Ordinance of the Ministry of Strategy and Finance, shall be deemed the period during which he/she has resided. <Amended by Presidential Decree No. 21429, Apr. 21, 2009 >

[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009]

Article 75 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 76 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 77 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 78 (Special Taxation for Capital Gains Tax for Relocating Museums, etc.) (1)

"Capital gains tax, calculated as prescribed by Presidential Decree" in the main

sentence of Article 83 (1) of the Act, means capital gains tax calculated by multiplying the amount of subparagraph 1 by the ratio of subparagraph 2:

1. Capital gains provided for in Article 95 (1) of the Income Tax Act;
2. The ratio of the acquisition value of the newly - acquired building of a museum and appurtenant land (hereafter in this Article, referred to as “ new establishment ”) to the transfer value of the building of any of the establishments specified under Article 83 (1) of the Act (hereafter in this Article, referred to as “ museum, etc. ”) and appurtenant land (hereafter in this Article, referred to as "existing establishment"), which are transferred after having been operated by a resident for at least three years.

(2) The relocation of establishments eligible under Article 83 (1) of the Act, shall be either of the following cases:

1. Where a resident acquires a new establishment and transfers the existing establishment within two years from the opening date of the new establishment;
2. Where a resident acquires and opens a new establishment within one year from the date of transfer of the existing establishment (or three years if a new building is constructed for the new establishment).

(3) Where a resident does not acquire a new establishment by the end of the taxable year in which the existing establishment is transferred in cases falling under paragraph (2) 2, the estimated value on the statement of (planned) relocation referred to in paragraph (5) shall be deemed the acquisition value of the new establishment.

(4) For the purposes of Article 83 (1) of the Act, where a resident has been permitted to pay capital gains tax in installments based on the estimated acquisition value referred to in paragraph (3), the resident shall pay the amount exceeding the amount calculated under paragraph (1), based on the actual acquisition value, as capital gains tax by the deadline for filing the tax return for the taxable year in which such resident acquires and opens a new establishment. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount payable as capital income tax.

(5) A resident who wishes to pay capital gains tax in installments under Article 83 (1) of the Act, shall file an application for payment in installments and a statement of (planned) relocation in the forms prescribed by Ordinance of the Ministry of Strategy

and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return (or preliminary return) for the taxable year in which the existing establishment is transferred.

(6) Where a resident acquires and opens a new establishment after the application of paragraph (3), the resident shall file a relocation completion report in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the resident opens a new establishment.

(7) "Amount calculated as prescribed by Presidential Decree" in the main sentence of Article 83 (2) of the Act, means the amount of capital gains tax calculated under paragraph (1): Provided, That, if the capital gains tax has been paid partially in accordance with Article 83 (1) of the Act, the relevant amount shall be excluded.

(8) "Extenuating circumstances prescribed by Presidential Decree" in the proviso to Article 83 (2) of the Act, means the following cases:

1. Where the relevant new establishment is expropriated under any of the Acts listed under Article 72 (2);
2. Where the relevant new establishment is closed or disposed of in compliance with a closure or relocation order, etc. issued under a statute.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 79 Deleted. <by Presidential Decree No. 19888, Feb. 28, 2007>

Article 79 - 2 Deleted. <by Presidential Decree No. 19888, Feb. 28, 2007>

Article 79 - 3 (Special Taxation for Relocating Factories in Areas Subject to Development Plans of Administrative City and Innovation Cities to Rural Areas)(1) "Area outside the administrative city, etc. prescribed by Presidential Decree" in Article 85 - 2 (1) of the Act, means any area outside the prearranged area for the administrative city defined in Article 2 of the Special Act on the Construction of Administrative City in Yeongi - Gongju Area for Follow - Up Measure for New Administrative Capital or the prearranged area for the development of an innovation city under the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies (hereafter in this Article and Articles 79 - 8 and 79 - 10, referred to as "administrative city, etc."), which is not any of the following areas (hereafter in this

Article, referred to as "rural area"): <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

1. The over - concentration control region of the Seoul Metropolitan area;
2. Areas within the jurisdiction of Busan Metropolitan City (excluding Gijang - gun), Daegu Metropolitan City (excluding Dalseong - gun), Gwangju Metropolitan City, Daejeon Metropolitan City, and Ulsan Metropolitan City: Provided, That the industrial areas designated pursuant to the Industrial Sites and Development Act shall be excluded herefrom.

(2) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 2 (1) 1 of the Act, means the amount of subparagraph 1 multiplied by the rates of subparagraphs 2 and 3: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

1. The amount calculated by subtracting the sum of the book value of a factory located in the administrative city, etc. (hereafter in this Article, referred to as "existing factory") and the carried - forward losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act, as at the end of the immediately preceding business year, from the transfer value of the existing factory;
2. The ratio of the acquisition (including acquisition through construction of a factory in the rural area; hereafter in this Article, the same shall apply) value of the factory in the rural area (hereafter in this Article, referred to as "factory in the rural area") to the transfer value of the existing factory (the ratio shall not exceed 100/100);
3. The area ratio of the factory in the rural area: The ratio calculated by the following formula (the ratio shall not exceed 100/100 maximum):
$$1 - \{(\text{Area of the factory in the rural area} - \text{Area equivalent to 120/100 of the area of the existing factory}) \div (\text{Area equivalent to 120/100 of the area of the existing factory})\}$$

(3) The amount that can be tax deferred under Article 85 - 2 (1) 2 of the Act, shall be the amount of subparagraph 1 multiplied by the rates of subparagraphs 2 and 3:

1. Capital gains provided for in Article 95 (1) of the Income Tax Act;
2. The ratio of the acquisition value of the factory in the rural area to the transfer value of the existing factory (the ratio shall not exceed 100/100);
3. The area ratio of the factory in the rural area: The ratio calculated by the following formula (the ratio shall not exceed 100/100):

1 - {(Area of the factory in the rural area - Area equivalent to 120/100 of the area of the existing factory) ÷ (Area equivalent to 120/100 of the area of the existing factory)}

(4) For the purposes of paragraphs (2) and (3), the acquisition value and the area of the factory in the rural area shall be based on the estimated value and the estimated acquisition area on the statement of (planned) relocation, if the factory in the rural area has not been acquired by the end of the taxable year in which the existing factory was transferred.

(5) Relocation to rural areas eligible under Article 85 - 2 (1) of the Act, shall be either of the following cases: Provided, That, where the site of an existing factory or a factory in a rural area exceeds the standard area for factory siting prescribed by Ordinance of the Ministry of Strategy and Finance, Article 85 - 2 (1) of the Act shall not apply to such excess: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Where a resident or domestic corporation transfers the existing factory within two years from the commencement date of business after having acquired the factory in the rural area;
2. Where a resident or domestic corporation commences a business after having acquired the factory in the rural area within three years (or six years in extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, such as delay in permission or authorization for construction works) from the date of transfer of the existing factory.

(6) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 2 (2) of the Act, means any of the following: <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

1. Full amount of the capital gains not included in the gross income as prescribed in Article 85 - 2 (1) 1 of the Act;
2. Full amount of the tax (referring to the amount of tax calculated by multiplying the tax - deferred amount by the tax rate under Article 104 of the Income Tax Act) on the tax - deferred amount, where tax deferral is allowed under Article 85 - 2 (1) 2 of the Act.

(7) For the purposes of Article 85 - 2 (1) of the Act, where a domestic corporation has been permitted not to include capital gains in its gross income or a resident has

been permitted to defer capital gains tax based on the estimated acquisition value or estimated acquisition area referred to in paragraph (4), the domestic corporation shall include the amount exceeding the amount calculated under paragraph (2) based on the actual acquisition value and actually acquired area in its gross income, at the time of calculating the income for the taxable year in which it acquires the factory in the rural area and commences a business, or the resident shall pay the amount exceeding the amount calculated under paragraph (3) based on the actual acquisition value and actually acquired area, as capital gains tax. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount that shall be included in the gross income or payable as capital gains tax.

(8) A domestic corporation that wishes to be eligible under Article 85 - 2 (1) 1 of the Act, shall submit a statement of capital gains and adjustment for inclusion in gross income in installments, and a statement of (planned) relocation in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the business year in which the existing factory is transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(9) A resident who wishes to defer tax under Article 85 - 2 (1) 2 of the Act, shall submit an application for tax deferral and a statement of (planned) relocation in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return (including the preliminary return) for the taxable year in which the existing factory is transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(10) Where a domestic corporation or resident commences a business at the factory in the rural area acquired after the application of paragraph (4), the domestic corporation or resident shall file a relocation completion report in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the taxable year in which the business commences. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(11) "Factory" in Article 85 - 2 of the Act, means a factory provided for in Article 54 (1). <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008 >

(12) "Amount of tax deferred, calculated as prescribed by Presidential Decree" in Article 85 - 2 (4) of the Act, means the full amount of tax on the tax - deferred amount under paragraph (6) 2. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2008 >

2017 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 79 - 4 (Special Taxation for Corporate Tax on Investment in Kind with Land

Located in Enterprise City Development Project District, etc.)(1) "Enterprise prescribed by Presidential Decree" in Article 85 - 3 (1) 1 of the Act, means an enterprise that takes exclusive charge pursuant to Article 14 (1) 1 and 2 of the Enforcement Decree of the Special Act on the Development of Enterprise Cities; and "enterprise prescribed by Presidential Decree" in Article 85 - 3 (1) 2 of the Act, means an enterprise that takes exclusive charge pursuant to Article 13 (4) 2 of the Enforcement Decree of the Special Act on the Promotion of Development Investments in Underdeveloped Areas. <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22421, Oct. 1, 2010 >

(2) Where a domestic corporation has made investment in kind with land in possession in an enterprise that takes exclusive charge of enterprise city development projects under Article 85 - 3 (1) 1 of the Act or in an enterprise that takes exclusive charge of development projects for the development promotion districts of underdeveloped areas under Article 85 - 3 (1) 2 of the Act (hereinafter referred to as "enterprise, etc. taking exclusive charge of enterprise city development projects"), an amount calculated by subtracting the amount in subparagraph 2 (where such amount exceeds the amount calculated by subtracting the book value of the land from its market price, such excess shall be excluded) from the amount in subparagraph 1 shall be included in the deductible expenses when calculating the amount of income for the business year in which such land was invested in kind. In such cases, such amount shall be appropriated as advanced depreciation provision for the relevant stocks:<Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

1. The value of shares (which referring to the appraised market value under Article 52 (2) of the Corporate Tax Act) of the enterprise, etc. taking exclusive charge of the development of the enterprise city as at the date of investment in kind;
2. The book value of the land as at the day immediately before the date of investment in kind.

(3) The advanced depreciation provision accounted for in accordance with paragraph (2), shall be included in gross income for the business year in which the corresponding shares of the enterprise, etc. taking exclusive charge of enterprise city development projects, are transferred (where there are shares acquired in any other way in addition to those acquired by investment in kind, the shares acquired by investment in kind shall be deemed first transferred). In such cases, where some of the shares are transferred, the amount calculated by the following formula shall be included in gross income: <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

{Advanced depreciation provision - (Number of shares transferred out of the shares of the enterprise, etc. taking exclusive charge of the development of the enterprise city, acquired by investment of land in kind / Number of the shares of the enterprise, etc. taking exclusive charge of the development of the enterprise city, acquired by investment of land in kind)}

(4) Paragraphs (2) and (3) shall apply mutatis mutandis to the deferment of taxation of corporate tax under Article 85 - 3 (2) of the Act. In such cases, the amount that shall be accounted for as advanced depreciation provision shall be the aggregate of the amount of tax deferred under paragraph (2) and the gain from the transfer of shares, generated as a result of paying the land price by the shares acquired through investment in kind at the time of purchasing a parcel of the developed land from the enterprise, etc. taking exclusive charge of enterprise city development projects, and the advanced depreciation provision shall be included in the gross income for the business year in which the purchased parcel of land is transferred. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(5) A domestic corporation that intends to be eligible under Article 85 - 3 (1) and (2) of the Act, shall submit a statement on investment in kind prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the business year in which such investment in kind was made. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 79 - 5 (Special Taxation for Corporate Tax on Investment in Kind with Land for Free Economic Zone Development Projects)(1) "Domestic corporation prescribed by

Presidential Decree" in Article 85 - 4 (1) of the Act, means a domestic corporation established for the purpose of the development of the land, which shall be invested in kind, within the area designated as a free economic zone under Article 2 of the Special Act on Designation and Management of Free Economic Zones, in accordance with the free economic zone development projects under Article 6 of the said Act (hereafter in this Article, referred to as "corporation subject to investment in kind"). <Amended by Presidential Decree No. 21656, Jul. 30, 2009; Presidential Decree No. 22037, Feb. 18, 2010>

(2) Where a domestic corporation invested its own land in kind in the corporation subject to investment in kind under Article 85 - 4 (1) of the Act, the amount calculated by subtracting the amount under subparagraph 2 (if the amount exceeds an amount calculated by subtracting the book value of the land from its market value, such excess shall be excluded herefrom) from the amount under subparagraph 1 shall be included in the deductible expenses, at the time of calculating the income for the business year in which the land was invested in kind. In such cases, the amount shall be accounted for as the advanced depreciation provision for the corresponding shares:

1. The value of shares (referring to the appraised market value under Article 52 (2) of the Corporate Tax Act) of the corporation subject to investment in kind as at the date of investment in kind;
2. The book value of the land as at the day immediately before the date of investment in kind.

(3) The advanced depreciation provision accounted for in accordance with paragraph (2), shall be included in gross income for the business year in which the corresponding shares of the corporation subject to investment in kind, are transferred (where there are shares acquired in any other way in addition to those acquired by investment in kind, the shares acquired by investment in kind shall be deemed first transferred). In such cases, where some of the shares are transferred, the amount calculated by the following formula shall be included in gross income:

{Advanced depreciation provision - (Number of shares transferred out of the shares of the corporation subject to investment in kind, acquired by investment of land in kind / Number of the shares of the corporation subject to investment in kind, acquired by investment of land in kind)}

(4) A domestic corporation that intends to be eligible under Article 85 - 4 (1) of the Act, shall submit a statement on investment in kind, as prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the business year in which such investment in kind was made.<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 79 - 6 (Special Taxation for Capital Gains from Transferring Land, etc. for Child -

Care Centers)(1) "Amount calculated as prescribed by Presidential Decree" in Article 85 - 5 (1) 1 of the Act, means the amount of subparagraph 1 multiplied by the ratio of subparagraph 2: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23356, Dec. 8, 2011 >

1. The amount calculated by subtracting the sum of the book value of the previous child - care center under Article 85 - 5 (1) of the Act (hereinafter referred to as "previous child - care center") and the carried - forward losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act, as at the end of the immediately preceding business year from the transfer value of the previous child - care center;

2. The ratio of the acquisition value of the new child - care center under Article 85 - 5 (1) of the Act (hereinafter referred to as "new child - care center") to the transfer value of the previous child - care center (the ratio shall not exceed 100/100).

(2) The amount that can be tax deferred under Article 85 - 5 (1) 2 of the Act, shall be calculated by multiplying the amount of subparagraph 1 by the ratio of subparagraph 2:<Amended by Presidential Decree No. 23356, Dec. 8, 2011 >

1. Capital gains provided for in Article 95 (1) of the Income Tax Act;

2. The ratio of the transfer value of the previous child - care center to the acquisition value of the new child - care center (the ratio shall not exceed 100/100).

(3) For the purposes of paragraphs (1) and (2), the acquisition value of the new child - care center shall be based on the estimated value on the statement on (planned) relocation, if the new child - care center has not been acquired by the end of the taxable year in which the previous child - care center was transferred.

<Amended by Presidential Decree No. 23356, Dec. 8, 2011 >

(4) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 5 (2) of the Act, means any of the following: <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. Full amount of the capital gains not included in gross income as prescribed in Article 85 (1) 1 of the Act;
2. Full amount of the tax (referring to the amount of tax calculated by multiplying the tax - deferred amount by the tax rate under Article 104 of the Income Tax Act) on the tax - deferred amount, where tax deferral is allowed under Article 85 (1) 2 of the Act.

(5) For the purposes of Article 85 - 5 (1) of the Act, where a corporation has been permitted not to include capital gains in its gross income or an individual has been permitted to defer capital gains tax based on the estimated acquisition value referred to in paragraph (3), the corporation shall include the amount exceeding the amount calculated under paragraph (1) based on the actual acquisition value in its gross income at the time of calculating the income for the taxable year in which it starts to operate the new child - care center after acquisition, or the individual shall pay the amount exceeding the amount calculated under paragraph (2) based on the actual acquisition value, as capital gains tax. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount that shall be included in the gross income or payable as capital gains tax. <Amended by Presidential Decree No. 23356, Dec. 8, 2011>

(6) A corporation that wishes to be eligible under Article 85 - 5 (1) 1 of the Act, shall submit a statement of capital gains and adjustment for inclusion in gross income in installments, and a statement of (planned) relocation in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax return for the business year in which the previous child - care center is transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23356, Dec. 8, 2011>

(7) An individual who wishes to be granted deferred taxation under Article 85 - 5 (1) 2 of the Act, shall submit an application for tax deferral and a statement of (planned) relocation in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, along with his/her tax return (including the preliminary return) for the business year in which the previous child - care center is transferred. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21064, Oct. 7, 2008;

[Presidential Decree No. 23356, Dec. 8, 2011](#) >

(8) Where a corporation or resident starts to operate a new child - care center acquired after the application of paragraph (3), the corporation or resident shall file a relocation completion report in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the tax return for the taxable year in which the date of start falls. <[Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23356, Dec. 8, 2011](#) >

(9) "Amount of tax deferred, calculated as prescribed by Presidential Decree" in Article 85 - 5 (3) of the Act, means the full amount of tax equivalent to the tax - deferred amount under paragraph (4) 2. <[Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017](#) >

[[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007](#)]

Article 79 - 7 (Reduction or Exemption of Corporate Tax, etc. for Social Enterprises)

A person who intends to be granted a reduction or exemption of corporate tax or income tax under Article 85 - 6 (1) and (2) of the Act, shall submit an application for tax reduction or exemption prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <[Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22583, Dec. 30, 2010](#) >

[[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008](#)]

Article 79 - 8 (Special Taxation for Relocating Factories due to Expropriation, etc. for Public Works Projects)(1) "Area prescribed by Presidential Decree" in Article 85 - 7

(1) of the Act, means an area other than the area where the relevant public works project is implemented, which does not fall under any of the following areas (hereafter in this Article, referred to as "provinces"):

1. Over - concentration control region of the Seoul Metropolitan area;
2. Jurisdictions of Busan Metropolitan City (excluding Gijang - gun), Daegu Metropolitan City (excluding Dalseong - gun), Gwangju Metropolitan City, Daejeon Metropolitan City, and Ulsan Metropolitan City: Provided, That the industrial areas designated pursuant to the Industrial Sites and Development Act, shall be excluded therefrom;

3. Administrative city, etc.

(2) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 7 (1) 1 of the Act, means the amount calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 2:

1. Amount calculated by subtracting the aggregate of the book value and the loss carried - forward under subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of immediately preceding business year, from the transfer value of the factory (hereafter in this Article, referred to as "existing factory") located in the area where the relevant public works project is implemented;
2. Rate (100/100 shall be the limit) of the value for acquiring a factory (including acquiring a factory by constructing it in a province; hereafter in this Article, the same shall apply) in a province (hereafter in this Article, referred to as "provincial factory"), to the transfer value of the existing factory.

(3) "Capital gains tax calculated as prescribed by Presidential Decree" in the former part of Article 85 - 7 (1) 2 of the Act, means the capital gains tax calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 2:

1. Proceeds from transfer under Article 95 (1) of the Income Tax Act;
2. Rate (100/100 shall be the limit) of the acquisition value of a provincial factory, to the transfer value of the existing factory.

(4) For the purposes of paragraphs (2) and (3), where a provincial factory is not acquired by the end of the taxable year in which the existing factory is transferred, the estimated amount for acquisition on the detailed statement of (expected) relocation shall be the acquisition value of the provincial factory.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(5) Relocation to provinces to which Article 85 - 7 (1) of the Act applies, shall be any of the following cases: Provided, That, where the site of the existing factory or provincial factory exceeds the standard size for factory sites prescribed by Ordinance of the Ministry of Strategy and Finance, Article 85 - 7 (1) of the Act shall not apply to such excess:<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

1. Where transferring the existing factory within two years from the date he/she starts a business after acquiring a provincial factory;

2. Where starting a business by acquiring a provincial factory within three years (or six years in extenuating circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, such as delay, etc. of permission or authorization of construction) from the date the existing factory is transferred.

(6) "Amount calculated by the formula prescribed by Presidential Decree" in the former part of Article 85 - 7 (2) of the Act, means any of the following amounts:

1. All of the amount that has not been included in gross income where the proceeds from transfer were not included in gross income under Article 85 - 7 (1) 1 of the Act;

2. All of the amount of tax to pay in installments where installment payment is applied under Article 85 - 7 (1) 2 of the Act.

(7) For the purposes of Article 85 - 7 (1) of the Act, when it is not included in gross income according to the estimated amount of acquisition under paragraph (4) or payment by installments is applied, the amount being applied in excess of the amount calculated according to paragraphs (2) and (3) on the basis of actual acquisition amount shall be either included in gross income of the taxable year in which business commences after acquiring a provincial factory, or shall be paid as capital gains tax. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount to be included in gross income or to be paid as capital gains tax.

[<Amended by Presidential Decree No. 21307, Feb. 4, 2009>](#)

(8) A domestic corporation that intends to be eligible under Article 85 - 7 (1) 1 of the Act, shall submit details of proceeds from transfer and reconciliation sheet of inclusion in gross revenue by installments prescribed by Ordinance of the Ministry of Strategy and Finance and details of (expected) relocation, to the head of the tax office having jurisdiction over the place of tax payment, along with a tax return of the taxable year in which the existing factory is transferred.[<Amended by Presidential Decree No. 20720, Feb. 29, 2008>](#)

(9) A resident who intends to have the payment by installments under Article 85 - 7 (1) 2 of the Act applied, shall submit an application for payment by installments prescribed by Ordinance of the Ministry of Strategy and Finance and details of (expected) relocation, to the head of the tax office having jurisdiction over the place of tax payment, along with a tax return (including preliminary return) of the taxable year in which the existing factory is transferred.[<Amended by Presidential Decree No.](#)

[20720, Feb. 29, 2008 >](#)

(10) When he/she commences business by acquiring a provincial factory after being applied paragraph (4), he/she shall submit a report of completion of relocation prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with a tax return of the taxable year in which the business commences. <Amended by Presidential Decree No. [20720, Feb. 29, 2008](#)>

(11) "Factory" in Article 85 - 7 of the Act, means a factory prescribed in Article 54 (1).

[This Article Newly Inserted by Presidential Decree No. [20620, Feb. 22, 2008](#)]

Article 79 - 9 (Special Taxation for Relocation of Factory of Small or Medium Enterprises)

(1) "Areas prescribed by Presidential Decree" in the part other than subparagraphs of Article 85 - 8 (1) of the Act means the overconcentration control region of the Seoul Metropolitan area (excluding the industrial complex designated under the Industrial Sites and Development Act).

(2) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 8 (1) 1 of the Act means the amount calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 2:

1. Amount obtained by subtracting the sum total of the book value of the factory (hereafter referred to as "existing factory" in this Article) located in the area immediately before relocation and the carried over deficit under subparagraph 1 of Article 13 of the Corporate Tax Act as of the end of immediately previous business year from the transfer amount of the existing factory;
2. Rate taken by the acquisition (including the case of acquisition of a factory after its construction is completed) price of a new factory (hereafter referred to as "new factory" in this Article) from among the transfer price of the existing factory.

(3) "Capital gains tax calculated as prescribed by Presidential Decree" in the former part of Article 85 - 8 (1) 2 of the Act means the transfer tax calculated by multiplying the amount under subparagraph 1 by the rate under subparagraph 2:

1. Transfer gains under Article 95 (1) of the Income Tax Act;
2. Rate (100/100 shall be the limit) taken by the acquisition price of new factory from among the transfer price of existing factory.

(4) Where a new factory is not acquired by the end of the taxable year to which the transfer date of existing factory belongs when paragraphs (2) and (3) are applied, the estimated amount for acquisition on the detailed statement of (expected) relocation shall be the acquisition amount of the new factory.

(5) The relocation of factories to which Article 85 - 8 (1) of the Act applies shall be a case falling under any of the following subparagraphs: Provided, That in cases the site of existing factory or new factory exceeds the standard size for factory sites prescribed by Ordinance of the Ministry of Strategy and Finance, Article 85 - 8 (1) of the Act shall not apply to such excess part: <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. Cases of transferring the existing factory within two years from the day business started after acquiring a new factory;
2. Cases of starting business after acquiring a new factory within three years (six years where there are unavoidable reasons, such as delay in the permission for construction or authorization thereof, etc.) from the day existing factory was transferred.

(6) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 8 (2) of the Act means the amount falling under any of the following subparagraphs:

1. Total amount that has not been included in the gross income where transfer margin is not included in the gross income under Article 85 - 8 (1) 1 of the Act;
2. Total tax amount where payment on an installment basis has been applied under Article 85 - 8 (1) 2 of the Act.

(7) When a small or medium enterprise has been applied non - inclusion of estimated amount for acquisition under paragraph (4) in the gross income or payment in installment in the application of Article 85 - 8 (1) of the Act, the amount which has been applied in excess of the amount calculated as prescribed in paragraphs (2) and (3) on the basis of actual acquisition price shall be included in the gross income for the taxable year to which the date on which business started after acquiring a new factory belongs, or shall be paid as capital gains tax. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount to be included in the gross income or to be paid as capital gains tax.

(8) Any domestic corporation that intends to have Article 85 - 8 (1) 1 of the Act applied shall submit a detailed statement of transfer gains from transfer, reconciliation sheet of inclusion in gross income on an installment basis and a detailed statement of (expected) relocation prescribed by Ordinance of the Ministry of Strategy and Finance together with a report of tax base for the taxable year to which the transfer date of existing factory belongs to the head of tax office having jurisdiction over the place of tax payment.

(9) Any resident who intends to have payment on an installment basis applied as prescribed in Article 85 - 8 (1) 2 of the Act shall submit an application for payment on an installment basis and a detailed statement of (expected) relocation prescribed by Ordinance of the Ministry of Strategy and Finance together with a report of tax base (including expected report) for the taxable year to which the date of transfer of existing factory belongs to the head of tax office having jurisdiction over the place of tax payment.

(10) When business has started following acquisition of a new factory after paragraph (4) was applied, a report of completion of relocation prescribed by Ordinance of the Ministry of Strategy and Finance together with a report of tax base for the taxable year to which the date of business start belongs to the head of tax office having jurisdiction over the place of tax payment.

(11) "Factory" in Article 85 - 8 of the Act means the factory prescribed in Article 54 (1).

[\[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009\]](#)

Article 79 - 10 (Special Taxation for Relocating Logistics Facilities due to Expropriation, etc. for Public Works Projects)

(1) "Logistics facilities prescribed by Presidential Decree" in Article 85 - 9 (1) of the Act, means any of the following facilities prescribed by Ordinance of the Ministry of Strategy and Finance:

1. Facilities to keep, assemble, repair, etc. products (including parts used to manufacture such products) manufactured by manufacturers;
2. Logistics facilities owned by persons engaging in the logistics business under Article 2 of the Framework Act on Logistics Policies.

(2) "Area prescribed by Presidential Decree" in Article 85 - 9 (1) of the Act, means an area outside the area where the relevant public works project is implemented,

which does not fall under any of the following areas (hereafter in this Article, referred to as "provinces")

1. Over - concentration control district of Seoul Metropolitan area;
2. Jurisdictions of Busan Metropolitan City (excluding Gijang - gun), Daegu Metropolitan City (excluding Dalseong - gun), Gwangju Metropolitan City, Daejeon Metropolitan City, and Ulsan Metropolitan City: Provided, That industrial complexes designated under the Industrial Sites and Development Act, shall be excluded;
3. Administrative city, etc.

(3) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 9 (1) 1 of the Act, means an amount calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 2:

1. Amount obtained by subtracting the aggregate of the book value of logistics facilities (hereafter in this Article, referred to as "existing logistics facilities") situated in the area where the relevant public works project is implemented, and deficit carried - forward under subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of immediately previous business year, from the transfer value of such existing logistics facilities;
2. Rate (100/100 shall be the limit) of the value for acquiring logistics facilities (including acquiring logistics facilities by constructing them in a province; hereafter in this Article, the same shall apply) situated in a province (hereafter referred to as "provincial logistics facilities"), to the transfer value of existing logistics facilities.

(4) "Capital gains tax calculated as prescribed by Presidential Decree" in the former part of Article 85 - 9 (1) 2 of the Act, means capital gains tax calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 1:

1. Proceeds from transfer provided for in Article 95 (1) of the Income Tax Act;
2. Rate (100/100 shall be the limit) of the acquisition value of provincial logistics facilities, to the transfer value of existing logistics facilities.

(5) For the purposes of paragraphs (3) and (4), where provincial logistics facilities are not acquired by the end of taxable year in which existing logistics facilities are transferred, the estimated price on the detailed statement of (scheduled) relocation shall be the acquisition value of provincial logistics facilities.

(6) Relocation to provinces to which Article 85 - 9 (1) of the Act applies, shall be any of the following cases:

1. Where existing logistics facilities are transferred within two years from the date business commences after acquiring provincial logistics facilities;
2. Where business commences after acquiring provincial logistics facilities within three years (or six years in extenuating circumstances, such as delay of permission for or authorization of construction exist) from the date existing logistics facilities are transferred.

(7) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 85 - 9 (2) of the Act, means any of the following amounts:

1. Where proceeds from transfer have not been included in the gross income as prescribed in Article 85 - 9 (1) 1 of the Act, the full amount that has not been included in the gross income;
2. Where payment by installment has been allowed as prescribed in Article 85 - 9 (1) 2 of the Act, the full amount of tax to be paid in installment.

(8) For the purposes of Article 85 - 9 (1) of the Act, where the equivalent to transfer gains has not been included in the gross income according to the estimated price under paragraph (5) or payment by installment of capital gains tax has been allowed, the amount that has been applied in excess of the amount calculated as prescribed in paragraphs (3) and (4) on the basis of actual acquisition price shall be included in the gross income for the taxable year in which business commences after acquiring provincial logistics facilities, or shall be paid as capital gains tax. In such cases, the latter part of Article 33 (3) of the Act shall apply mutatis mutandis to the amount to be included in the gross income or to be paid as capital gains tax.

(9) A domestic corporation that intends to be eligible under Article 85 - 9 (1) 1 of the Act, shall submit a detailed statement of proceeds from transfer, detailed statement of adjustment of divided inclusion in the gross income, and detailed statement of (scheduled) relocation, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, at the time of filing a tax return for the business year in which the existing logistics facilities are transferred.

(10) A domestic corporation that intends to have payment by installment applied as prescribed in Article 85 - 9 (1) 2 of the Act, shall submit an application for payment by installment and a detailed statement of (scheduled) relocation, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the

tax office having jurisdiction over the place of tax payment, at the time of filing a tax return (including a preliminary return) for the taxable year in which the existing logistics facilities are transferred.

(11) When business commences following the acquisition of provincial logistics facilities after having had paragraph (5) applied, a report on the completion of relocation prescribed by Ordinance of the Ministry of Strategy and Finance shall be submitted to the head of the tax office having jurisdiction over the place of tax payment, at the time of filing a tax return for the taxable year in which the business commences.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

Article 79 - 11 (Application for Reduction of Capital Gains Tax for Mountainous Areas Transferred to State)

A person who intends to apply for a tax reduction pursuant to Article 85 - 10 (2) of the Act, shall file an application for tax reduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by a copy of the sales and purchase agreement by which the fact that the Minister of the Korea Forest Service has purchased the relevant mountainous districts as prescribed in Article 18 (2) of the State Forest Administration and Management Act, to the head of the tax office having jurisdiction over the place of tax payment, when filing his/her tax return (including a preliminary return) for the taxable year in which such mountainous districts are transferred.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

SECTION 9 Special Taxation for Support of Savings

Article 80 Deleted. <by Presidential Decree No. 24368, Feb. 15, 2013>

Article 80 - 2 Deleted. <by Presidential Decree No. 24368, Feb. 15, 2013>

Article 80 - 3 (Income Deductions, etc. for Mutual Aid Funds for Small Enterprises and Small Entrepreneurs)(1) "Mutual aid fund prescribed by Presidential Decree" in Article 86 - 3 (1) of the Act means a mutual aid fund in which installments not exceeding three million won shall be deposited on a quarterly basis. <Amended by

Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(2) Notwithstanding paragraph (1), an installment deposited in a mutual aid fund at the time specified in either of the following shall be deemed an installment deposited in the mutual aid fund for the relevant quarter: <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

1. Where installments are deposited in a mutual aid fund for a period not exceeding one year and six months before the lapse of one year and six months after the end of the month in which the last installment was deposited;
2. Where installments for six months are deposited in advance in a mutual aid fund before the beginning of the quarter, out of the installments to be deposited in the mutual aid fund for the relevant year.

(3) “ Number of years (~omitted~) determined by the method prescribed by Presidential Decree ” in the latter part of Article 86 - 3 (3) of the Act shall be calculated by dividing the number of months for which installments have been deposited in a mutual aid fund by 12 (a period of less than one year shall be deemed one year). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(4) "Any of the causes prescribed by Presidential Decree" in the main sentence of Article 86 - 3 (4) of the Act means any of the following: <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

1. When a small enterprise or a micro entrepreneur closes the business (including where a person who joined the mutual aid fund as a sole proprietor closes his/her business for investment in kind in order to incorporate a corporation, and where a person who joined the mutual aid fund as a sole proprietor closes his/her business for transferring all of his/her business to his/her spouse or offspring) or is dissolved (only in cases of a corporation);
2. When a member of the mutual aid fund dies;
3. When a person who joined the mutual aid fund as the representative of a corporation loses his/her position as the representative of the corporation;
4. When a member of the mutual aid fund, who has attained 60 years of age and has deposited installments for at least 120 months in the mutual aid fund, claims the payment of the mutual aid money.

(5) “ Any of the events prescribed by Presidential Decree ” and “ any of the causes prescribed by Presidential Decree ” in the proviso to Article 86 - 3 (4) and the proviso to Article 86 - 3 (5) of the Act means any of the following events or causes that occur within six months before termination:

1. A natural disaster or calamity;
2. Emigration of a member of the mutual aid fund to a foreign country;
3. Any injury or disease to a member of the mutual aid fund, which requires hospitalization or recuperation for at least three months;
4. Dissolution of the Korea Federation of Small and Medium Business established under the Small and Medium Enterprise Cooperatives Act (hereafter referred to as the "Korea Federation of Small and Medium Business" in this Article).

(6) A person who wishes to obtain an income deduction under Article 86 - 3 (1) of the Act shall submit a certificate of deposits in a mutual aid fund, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over his/her domicile or to the relevant withholding agent at the time he/she files his/her final return on the tax base of income tax or at the time of year - end settlement: Provided, That the certificate of deposits in a mutual aid fund may be substituted with a copy of the bankbook evidencing the amount of installments deposited in the mutual aid fund for the year following the year in which the certificate is first submitted and for the subsequent years.

<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015>

(7) When a supporting document for income deductions shall be submitted to the Commissioner of the National Tax Service pursuant to Article 216 - 3 of the Enforcement Decree of the Income Tax Act, a document issued by the Commissioner of the National Tax Service with a full list of installments deposited in a mutual aid fund may be submitted in lieu of the supporting document, notwithstanding paragraph (6). <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

(8) A person who intends to terminate a mutual aid due to an occurrence of any of the causes or events specified in paragraph (4) shall submit a report on the ground for special termination, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the Korea Federation of Small and Medium Business.

<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3,

[2015 >](#)

(9) For the purpose of calculating miscellaneous incomes by the formula prescribed in Article 86 - 3 (4) of the Act, if the cumulative total of installments deposited in excess of the amount of income deductions that a person has actually obtained (limited to the amount verified by the supporting documents submitted by the person who has received the mutual aid money) exceeds the refund paid upon termination, such miscellaneous incomes shall be deemed nil. <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

(10) Methods and procedures for calculating income deductions for installments deposited in a mutual aid fund and other necessary matters shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26070, Feb. 3, 2015 >

[This Article Newly Inserted by Presidential Decree No. 20211, Aug. 6, 2007]

Article 81 (Scope, etc. of Long - Term Savings Account for Housing Purchase) (1)

“ One house not larger than the size prescribed by Presidential Decree” in Article 87 (1) 1 (b) of the Act, means a house in the size of national housing unit defined in the Housing Act (including land appurtenant to a house, and the house shall be excluded herefrom where the appurtenant land exceeds the area calculated by multiplying the area on which the house stands by the multiplying factor determined by area). In such cases, when the relevant house is a multi - unit house, it shall be determined based on the exclusive area for each unit.

(2) “ Multiplying factor determined by area ” in paragraph (1), means the following:

1. Five times in cases of land within an urban area (hereinafter referred to as "urban area") designated under subparagraph 1 of Article 6 of the National Land Planning and Utilization Act;
2. Ten times in cases of land outside of any urban area.

(3) "Requirements prescribed by Presidential Decree, including the limits on installment savings and the contract period" in Article 87 (1) 2 of the Act, means the following requirements that: <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

1. The account shall be a savings account offered by any of the financial institutions specified under subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality, which is transacted by a bankbook bearing an

indication " income tax - free long - term savings account for house purchase " under Article 87 of the Act;

2. No quarterly deposit (referring to the total quarterly deposit in savings accounts opened at all financial institutions) shall exceed three million won. In such cases, savings payments for a later quarter or for a past quarter shall not be made, however, as for the case of insurance or mutual aid fund, the savings payments for the mean time may be made before two years and two months pass from the end of the month in which the last day of payment falls;

3. The contract period of the savings account shall be at least seven years, and no withdrawal of principal, interest, etc. shall be made during such period.

(4) Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010 >

(5) "Document prescribed by Presidential Decree" in Article 87 (3) of the Act, means a non - homeowner certificate in the form prescribed by Ordinance of the Ministry of Strategy. <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27848, Feb. 7, 2017 >

(6) "Reason prescribed by Presidential Decree" in the proviso to Article 87 (5) of the Act, means the acquisition of a house within three months before or after termination, or any of the following grounds that arise within six months from termination: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015 >

1. A natural disaster;

2. Retirement of the savings account holder;

3. Closure of the place of business;

4. Any injury or disease that requires the savings account holder to be hospitalized for medical treatment or recuperation for at least three months;

5. Business suspension, revocation of authorization or permission for business, resolution on dissolution, or adjudication of bankruptcy of the institution dealing with savings.

(7) A person who intends to terminate his/her long - term savings account for housing purchase due to any of the grounds specified in the proviso to Article 87 (5) of the Act, shall submit a report on the ground for special termination, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the relevant financial institution dealing with the long - term savings account for housing purchase.

If a savings account is terminated due to the acquisition of a house within three months after termination in such cases, the equivalent to the amount of tax reduced as no income tax is imposed on interest income and dividend income shall be additionally collected at the time of terminating the savings account, but the additionally collected tax shall be refunded, if the person files an application for refund, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the relevant financial institution dealing with the long - term savings account for housing purchase within one month after acquiring a house.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

(8) "Period prescribed by Presidential Decree" in Article 87 (8) 1 of the Act, means the six - month period from the end of the month in which a person opens a savings account.

(9) If a holder of the long - term savings account for housing purchase has any objection to a notice given by the Commissioner of the National Tax Service to the financial institution dealing with the savings account under Article 87 (8) 1 or 2 of the Act, he/she may present his/her opinion to the Commissioner of the National Tax Service in the manner prescribed by Ordinance of the Ministry of Strategy and Finance, and the Commissioner of the National Tax Service shall notify the financial institution dealing with the savings of whether he/she accepts the opinion, within 14 days after receipt of the opinion.<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

(10) "Household prescribed by Presidential Decree" in Article 87 (1) 1 (a) of the Act, means a household that includes a resident, his/her spouse, and lineal ascendants and descendants (including their spouses), and siblings of the resident and of his/her spouse living together with the resident at the same domicile or abode: Provided, That the resident and his/her spouse shall be deemed to constitute one household, even where they live apart from each other, but either one of them shall be deemed the head of the household, if the resident and his/her spouse are heads of the household, respectively.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(11) "Reason prescribed by Presidential Decree" in the proviso to Article 87 (6) 1 of the Act, means where a person wins a draw to acquire a house in the size of national housing unit built upon obtaining approval of its project plan under the Housing Act, or any of the grounds prescribed under paragraph (6) that arise within six months from termination.<Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential

[Decree No. 24368, Feb. 15, 2013](#)>

(12) A person who intends to terminate his/her collective savings account for housing subscription due to any of the grounds specified in the proviso to Article 87 (6) 1 of the Act, shall submit a report on the ground for special termination in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the institution handling such comprehensive savings account.<[Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010](#)>

[\[This Article Wholly Amended by Presidential Decree No. 20620, Feb. 22, 2008\]](#)

Article 81 - 2 (Reason for Non - Taxation when Cancelling Lump - Sum Savings of Farming and Fishing Households)

"Cause prescribed by Presidential Decree" in subparagraph 3 of Article 87 - 2 of the Act means a case falling under any of the following subparagraphs:

1. Where farmers or fishers fail to make payments for six months or more in succession because they have lost the ability to work due to injury, disease, etc. in cases of monthly payments into savings, and where they fail to pay one year or more in succession in cases of quarterly payments into savings or half - yearly payment into savings;
2. Where farmers or fishers cancel contracts, who have deposited money in a savings account for three years or more after opening a savings account with a five year maturity;
3. Where a person designated by the Government as a person subject to income tax reduction or exemption or as a person subject to Government subsidy cancels a contract of savings account because income has been decreased due to damages by blight or harmful insects, snow damage, wind damage, water damage, decrease in price, etc.

[\[This Article Wholly Amended by Presidential Decree No. 22037, Feb. 18, 2010\]](#)

Article 81 - 3 (Investment Rate, etc. in Rental Housing)(1) "Rental housing prescribed by Presidential Decree" in the former part of Article 87 - 6 (1) of the Act, means private rental housing defined in Article 2 of the Special Act on Private Rental Housing, or public rental housing defined in Article 2 of the Special Act on Public Housing (hereinafter in this Article, referred to as "rental house"), where the total standard market price of such house and land appurtenant thereto does not exceed

600 million won at the time of its acquisition, and the total area (or an area for exclusive use in cases of multi - family housing) of the house does not exceed 149 square meters. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(2) "Ratio prescribed by Presidential Decree" in the former part of the Article 87 - 6 (1) of the Act, means 50/100.

(3) The ratio prescribed under paragraph (2) shall be calculated by dividing the aggregate of daily ratios, as calculated by the following formula, for the period from the date of creation or establishment (referring to the date of business authorization in cases of a real estate investment company; or the date following the date of final settlement and distribution for the immediately preceding term if final settlement and distribution were done after the date of creation or establishment or the date of business authorization) of a real estate fund, etc. defined in the former part of Article 87 - 6 (1) of the Act (hereafter in this Article, referred to as "real estate fund, etc."), until the date of final settlement and distribution, by the total number of days for such period. In such cases, initial three months from the date of creation or establishment of the real estate fund, etc., or the date of business authorization and three months before the date of termination or dissolution shall be excluded from calculation:<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(Total amount of assets or funds invested by a real estate fund, etc. in rental houses + Total amount of assets or funds invested in rental houses by a real estate fund, etc. through other real estate funds, etc.) ÷ Total amount of assets held in the real estate fund, etc.

(4) In the formula of paragraph (3), the total amount of assets or funds invested in rental houses by a real estate fund, etc. through other real estate funds, etc., shall be the aggregate of the amounts computed by the following formula for each of such real estate funds, etc.: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 > (Amount invested by the real estate fund, etc. in other real estate funds, etc. × Total amount of assets or funds invested in rental houses by other real estate funds, etc.) ÷ Total amount of assets held in other real estate funds, etc.

(5) Where a real estate fund, etc. issues collective investment securities defined in the former part of Article 87 - 6 (1) of the Act in excess of par value, the total par value referred to in the same paragraph shall be deemed the total issue price.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 22953, Jun. 3, 2011]

Article 81 - 4 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008 >

Article 82 Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010 >

Article 82 - 2 (Requirements, etc. for Tax - Free Comprehensive Savings)(1) "Savings account prescribed by Presidential Decree" in the main sentence of Article 88 - 2 (1) of the Act, means a savings account that meets each of the following requirements (hereafter in this Article, referred to as "tax - free comprehensive savings account"):
<Amended by Presidential Decree No. 27127, May 10, 2016 >

1. The savings account (including an account for investment trust, insurance, mutual aid fund, securities savings, bond savings, etc.) shall be offered by any of the finance companies, etc. referred to in 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. ") or any of the following associations or credit unions:

- (a) The Military Personnel Mutual Aid Association established under the Military Personnel Mutual Aid Association Act;
- (b) The Korea Teachers' Credit Union established under the Korean Teachers' Credit Union Act;
- (c) The Public Officials Benefit Association established under the Public Officials Benefit Association Act;
- (d) The Police Mutual Aid Association established under the Police Mutual Aid Association Act;
- (e) The Korea Fire Officials Credit Unit established under the Korea Fire Officials Credit Union Act;
- (f) The Korea Scientists and Engineers Mutual - Aid Association established under the Korea Scientists and Engineers Mutual - Aid Association Act;

2. The holder of the savings account shall apply for non - taxation at the time he/she opens the account.

(2) The total amount of contracts on the tax - free comprehensive savings accounts opened at all finance companies, etc. and mutual aid associations and credit unions shall be deemed the principal of savings referred to in Article 88 - 2 (1) of the Act. In

such cases, the interest, dividends, etc. generated from tax - free comprehensive savings accounts and transferred to the principal of such savings shall be deemed tax - free comprehensive savings, but shall be disregarded for the purpose of calculating the total amount of contracts.

(3) A partial withdrawal from a tax - free comprehensive savings account shall be deemed a withdrawal from the principal of the savings account. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(4) Every finance company, etc. and mutual aid association and credit unit that handles tax - free comprehensive savings accounts shall mark " tax - free comprehensive savings " on the covers and inner sheets of tax - free comprehensive savings bankbooks or transaction cards used only for depositing and withdrawing tax - free comprehensive savings or statements of transactions.

(5) Article 88 - 2 (1) of the Act shall not apply to any interest income and dividend income generated from tax - free comprehensive savings accounts upon the expiration of the contract term.

[This Article Wholly Amended by Presidential Decree No. 26070, Feb. 3, 2015]

Article 82 - 3 Deleted. <by Presidential Decree No. 18704, Feb. 19, 2005 >

Article 82 - 4 (Special Taxation for Members, etc. of Employee Stock Ownership

Association)(1) The definitions of terms used in this Article shall be as follows:

<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22516, Dec. 7, 2010 >

1. The term "current price" means the value of stocks computed by applying mutatis mutandis Article 63 (1) and (2) of the Inheritance Tax and Gift Tax Act. In such cases, "respective two months before and after the assessment standard date" in Article 63 (1) 1 (a) of the same Act shall be deemed "one month before the assessment standard date";

2. The term "purchase price, etc." means the actual transaction price required for an employee stock ownership association to acquire the relevant treasury stocks [in cases of treasury stocks contributed by the relevant corporation or its stockholders (excluding the minor stockholders referred to in Article 38 (3) of the Enforcement Decree of the Income Tax Act), or acquired by the price smaller than 70/100 of

current prices, the value equivalent to 70/100 of the current price as of the date of contribution or acquisition];

3. The term "stocks subject to taxation" means those excluding treasury stocks falling under each subparagraph of Article 88 - 4 (5) of the Act from treasury stocks distributed to the members of an employee stock ownership association;
4. The terms "employee stock ownership association" and "members of an employee stock ownership association" mean an employee stock ownership association and the members of an employee stock ownership association established under the Framework Act on Labor Welfare;
5. The term "securities finance company" means any securities finance company established under the Financial Investment Services and Capital Markets Act;
6. The term "gross pay" means the gross pay prescribed under Article 20 (2) of the Income Tax Act which is paid by the relevant corporation.

(2) "Limits set by Presidential Decree" in Article 88 - 4 (4) of the Act means the amount equivalent to 20/100 of the annual gross pay of a member of an employee stock ownership association for the immediately preceding year (five million won if such amount does not exceed five million won) based on the purchase price of treasury stocks. <Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

(3) In applying Article 88 - 4 (4) of the Act, the purchase prices, etc. of treasury stocks distributed in excess of the limits computed under paragraph (2) shall be deemed the earned incomes of a member of an employee stock ownership association. <Amended by Presidential Decree No. 19888, Feb. 28, 2007>

(4) "Amount calculated as prescribed by Presidential Decree" in Article 88 - 4 (5) of the Act means the purchase price, etc. of taxable withdrawn stocks under the same paragraph or the current price as of the date of withdrawing relevant stocks (0 won if the relevant corporation is declared bankrupt), whichever is smaller. <Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

(5) In calculating the number and holding period of the taxable withdrawn stocks under Article 88 - 4 (5) and (6) of the Act, the treasury stocks first distributed to the members of an employee stock ownership association (in cases of concurrently distributed treasury stocks, treasury stocks other than the taxable withdrawn stocks) shall be deemed first withdrawn. <Amended by Presidential Decree No. 19888, Feb.

28, 2007 >

(6) Deleted. <by Presidential Decree No. 19888, Feb. 28, 2007 >

(7) The following shall apply where the treasury stocks deposited to the account of each member of an employee stock ownership association at the securities finance company (hereafter referred to as "old stocks" in this paragraph) are switched to new stocks (hereafter referred to as "new stocks" in this paragraph) due to a merger or division (including a merger by division; hereafter in this paragraph, the same shall apply): <Amended by Presidential Decree No. 19888, Feb. 28, 2007 >

1. The switch of old stocks to new stocks due to a merger or division shall not be deemed a withdrawal under Article 88 - 4 (5) of the Act;
2. Where money, etc., other than new stocks, is given in return for old stocks as the price for a merger or division (hereafter referred to as "money, etc." in this paragraph,), the amount calculated by the following formula shall be deemed the withdrawn amount under Article 88 - 4 (6) of the Act: Total amount of money, etc. × (number of taxable stocks out of the old stocks ÷ total number of old stocks)
3. None of the following amounts shall be deemed the withdrawn amount under Article 88 - 4 (5) and (6) of the Act, notwithstanding the provisions of subparagraph 2:
 - (a) Where the money, etc. is given only to an odd - lot stock less than one stock, the relevant money, etc.;
 - (b) Where the total amount of the money, etc. given in return for old stocks for the price of a merger or division exceeds the purchase price of the old stocks, the relevant excess amount;
4. The purchase price, etc. per stock of the new stocks shall be the amount computed by dividing the purchase price, etc. of old stocks (total amount of money, etc. other than money, etc. referred to in subparagraph 3 shall be deducted) by the number of new stocks;
5. In applying the latter part of Article 88 - 4 (6) of the Act, the holding period of new stocks shall be the period from the date immediately after the end of the period during which old stocks equivalent to new stocks shall be deposited compulsorily, to the date of withdrawing the relevant new stocks;
6. The stocks taxable at the time of withdrawal among new stocks (hereafter referred to as "taxable new stocks" in this subparagraph,) shall be those equivalent

to taxable old stocks, and the number of taxable new stocks shall be computed by the following formula. In such cases, the stock less than one among the computed taxable new stocks shall be deemed non-existent: $\text{Number of new stocks} \times (\text{number of taxable stocks among old stocks} \div \text{total number of old stocks})$

(8) Where any member of an employee stock ownership association transfers the treasury stocks on which the income tax has been imposed under Article 88 - 4 (3) through (6), and (8) of the Act, the purchase price, etc. of such treasury stocks shall be the acquisition price under Article 97 (1) 1 of the Income Tax Act. <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007 >

(9) "Price prescribed by Presidential Decree" in Article 88 - 4 (8) 2 of the Act means the price equivalent to 70/100 of the current price as of the date of acquisition of the treasury stocks: Provided, That where a member of an employee stock ownership association, being a minority stockholder prescribed under Article 38 (3) of the Enforcement Decree of the Income Tax Act, is preferentially allocated treasury stocks under Article 38 of the Framework Act on Labor Welfare, such price shall be the value equivalent to 70/100 of the current price as of the date of acquisition of the treasury stocks or the face value, whichever is smaller. <Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22516, Dec. 7, 2010 >

(10) An employee stock ownership association shall spend contributions by its members to acquire treasury stocks by classifying such contributions into the amount eligible for income deductions under Article 88 - 4 (1) of the Act and the amount ineligible for income deductions, and shall enter in the books the details of contributions to acquire treasury stocks by its member, and the details of distribution of treasury stocks or of withdrawing them, and where the treasury stocks are deposited in the securities finance company, the following shall be notified to such securities finance company:

1. Purchase price, etc. of the treasury stocks to be distributed to the members of the employee stock ownership association;
2. Whether the treasury stocks to be distributed to the members of the employee stock ownership association are the taxable stocks.

(11) Where there exist any treasury stocks (the odd - lot stock less than one stock shall be deemed to be one stock) equivalent to the amount not subjected to an actual income deduction at the time of year - end settlement among the treasury stocks notified as the taxable stocks when the employee stock ownership association has deposited the treasury stocks under paragraph (10), it shall promptly notify the securities finance company to exclude the relevant treasury stocks only from the taxable stocks.<Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002>

(12) When any member of an employee stock ownership association withdraws the treasury stocks deposited in the securities finance company, the employee stock ownership association shall submit a statement of stock withdrawal issued by the aforementioned company to the relevant corporation.

(13) Any corporation referred to in Article 88 - 4 (3) and (4) of the Act shall submit a statement of withdrawal of employee stocks and of taxation thereon in the forms stipulated by Ordinance of the Ministry of Strategy and Finance to the head of a tax office having jurisdiction over tax withholding by the end of February of the year following the year in which the date of withdrawing the relevant treasury stocks falls (in the case of suspension or closure of business, the end of the month next to the month after that in which the date of suspension or closure falls).<Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008>

(14) In applying Article 88 - 4 (9) of the Act, the stocks provisionally distributed to the individual account of a member under Article 2 of Addenda to the partial amendment (Presidential Decree No. 19074) to the Enforcement Decree of the Framework Act on Labor Welfare shall be deemed employee stocks deposited in a securities financial company after the member of an employee stock ownership association acquires them through the association.<Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007>

(15) Where the withholding agent intends to impose no tax on the dividend income of the member of an employee stock ownership association or refunds the withheld tax under Article 88 - 4 (9) and (10) of the Act, he/she shall submit a statement of non - taxation on the dividend of the employee stock ownership association and of refund of withheld tax in the form stipulated by Ordinance of the Ministry of Strategy and Finance to the head of a tax office having jurisdiction over tax withholding by the end of the month following the end of each quarter in which the date of non - taxation or

refund falls. <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008>

(16) Any member of an employee stock ownership association who seeks the benefit of non - taxation on dividend income under Article 88 - 4 (9) of the Act shall submit a certificate for stock deposits issued by a securities finance company to the withholding agent. <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 19888, Feb. 28, 2007>

(17) "Minority stockholders prescribed by Presidential Decree" in Article 88 - 4 (9) 2 of the Act means minority stockholders prescribed in Article 38 (3) of the Enforcement Decree of the Income Tax Act. <Newly Inserted by Presidential Decree No. 24271, Dec. 28, 2012>

[This Article Wholly Amended by Presidential Decree No. 17458, Dec. 31, 2001]

Article 82 - 5 (Requirements, etc. for Non - Taxation on Capital Investments in Cooperatives, etc.)

"Investment prescribed by Presidential Decree" in Article 88 - 5 of the Act means the investment by a partner, associate partner, fraternity member, associate fraternity member or member of the cooperative, etc. made in a cooperative, etc. in subparagraphs 1 through 5, of which sum total for each person shall not exceed 10 million won: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

1. Cooperatives under the Agricultural Cooperatives Act;
2. Fisheries cooperatives under the Fisheries Cooperatives Act;
3. Cooperatives under the Forestry Cooperatives Act;
4. Credit unions under the Credit Unions Act;
5. Cooperatives under the Community Credit Cooperatives Act.

[This Article Wholly Amended by Presidential Decree No. 17458, Dec. 31, 2001]

Article 82 - 6 Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010>

Article 83 (Special Cases for Withholding on Tax - Favored Comprehensive Savings)(1)

"Savings in bonds prescribed by Presidential Decree" in Article 89 (1) 1 of the Act means the savings satisfying each of the following requirements: <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb.

19, 2005; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Bonds or securities prescribed in Article 46 (1) of the Income Tax Act (hereafter referred to as "bonds, etc." in this paragraph), the redemption period of which is at least one year, shall be continuously deposited for at least one year after opening an account at any financial institution referred to in any items of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality;

2. They shall not be the bonds, etc. acquired from a financial institution under repurchase or resale terms by applying the pre - agreed interest rate depending on the repurchase period;

3. Such bonds, etc. shall not be withdrawn from their accounts. If such bonds, etc. are withdrawn, the tax - favored comprehensive savings for the relevant bonds, etc. shall be deemed terminated from the date of withdrawal.

(2) Deleted. <by Presidential Decree No. 19888, Feb. 28, 2007 >

(3) Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

(4) "Unavoidable reasons prescribed by Presidential Decree" in Article 89 (7) of the Act means an account holder ' s death or emigration to a foreign country, or any of the reasons prescribed under subparagraphs of Article 81 (6) which occur within six months from termination. <Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

(5) In cases of installment savings, the calculation of the total contract amount of a tax - favored comprehensive savings account shall be based on the amount that the account holder has agreed to deposit. <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

(6) In cases of investment trusts, the calculation of the total contract amount of an investment trust shall be based on its beneficiary. <Amended by Presidential Decree No. 18176, Dec. 30, 2003 >

(7) Financial institutions shall deal in the tax - favored comprehensive savings using the passbook for the tax - favored comprehensive savings, through which only the tax - favored comprehensive savings deposited or withdrawn and the words "passbook for tax - favored comprehensive savings" shall be marked on the cover of each passbook for tax - favored comprehensive savings.

(8) Financial institutions shall indicate the limit of the contract amount, inquiries, and other matters necessary for the tax - favored comprehensive savings in the terms

and conditions of the tax - favored comprehensive savings.

(9) A merger of investment trusts under Article 193 of the Financial Investment Services and Capital Markets Act and a merger of investment companies under Article 204 of the same Act shall not be deemed the termination of the tax - favored savings for the purposes of Article 89 of the Act. <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009 >

(10) Anyone who intends to terminate his/her tax - favored saving account upon the occurrence of the grounds referred to in paragraph (4) shall submit a report on the grounds for special termination in the form prescribed by Ordinance of the Ministry of Strategy and Finance to the relevant financial institution. <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008 >

(11) Article 89 (1) of the Act shall not apply to the interest income and dividend income accruing after expiration of the contract period of tax - favored comprehensive savings. <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009 >

[This Article Wholly Amended by Presidential Decree No. 16693, Jan. 10, 2000]

Article 83 - 2 (Agency Collecting Data on Tax - Favored Savings)

"Agency prescribed by Presidential Decree" in the main sentence of Article 89 - 2 (1) of the Act means the Korea Federation of Banks. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21765, Oct. 1, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001]

Article 83 - 3 (Requirements, etc. for Deposits in Cooperatives, etc.)(1) "Deposits

prescribed by Presidential Decree" in Article 89 - 3 (1) of the Act means the deposits of partners, associate partners, fraternity members, associate fraternity members or members of cooperatives, etc. falling under any subparagraph of Article 82 - 5, total sum of which deposited by each person in the cooperatives, etc. under subparagraphs 1 through 5 of the same Article is not more than 30 million won.

<Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(2) Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010 >

[This Article Wholly Amended by Presidential Decree No. 17458, Dec. 31, 2001]

Article 84 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 85 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 86 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 87 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 88 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 89 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 90 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 91 Deleted. <by Presidential Decree No. 16693, Jan. 10, 2000>

Article 92 Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010>

Article 92 - 2 Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010>

Article 92 - 3 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008>

Article 92 - 4 Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010>

Article 92 - 5 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008>

Article 92 - 6 Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

Article 92 - 7 Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010>

Article 92 - 8 Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

Article 92 - 9 Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

Article 92 - 10 Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

Article 92 - 11 (Special Taxation on Investment Trusts, etc. for Exclusive Use of Overseas Koreans)(1) "Overseas Korean prescribed by Presidential Decree" in Article 91 - 12 (1) of the Act means a non - resident having no domestic place of business under Article 120 of the Income Tax Act, who is either of the following:

1. A Korean national residing abroad under Article 2 (1) of the Act on the Immigration and Legal Status of Oversea Koreans. In such cases, if he/she is an emigrant overseas defined under Article 2 of the Emigration Act referred to in Article 2 (2) of the Enforcement Decree of the Act on the Immigration and Legal Status of Oversea Koreans, who has not obtained permanent residency from the residing country, it shall refer only to the persons who has been residing in a foreign country for at least two years;
2. A Korean having foreign nationality under Article 2 (2) of the Act on the Immigration and Legal Status of Oversea Koreans.
 - (2) "Investment trusts and investment companies for exclusive use of overseas Koreans prescribed by Presidential Decree" (hereafter referred to as "investment trust, etc. for exclusive use of overseas Koreans" in this Article) in Article 91 - 12 (1) of the Act means those meeting each of the following requirements:
 1. All members shall be eligible under paragraph (1) 2 or 2;
 2. The investment trust, etc. for exclusive use of overseas Koreans shall be a collective investment scheme under Article 9 (18) 1 or 2 of the Financial Investment Services and Capital Markets Act;
 3. Investment shall be made only in domestic assets. In such cases, other collective investment schemes in which the investment trust, etc. for exclusive use of overseas Koreans invests shall invest in domestic assets only.
 - (3) "Inevitable causes prescribed by Presidential Decree" in the proviso to Article 91 - 12 (2) of the Act means any of the following:
 1. Suspension of business, revocation of authorization or a license for business, resolution of dissolution, or declaration of bankruptcy of the institution handling an investment trust, etc. for exclusive use of overseas Koreans;
 2. Where a collective investment business operator under subparagraph 3 of Article 223 of the Enforcement Decree of Finance Investment Services and Capital Markets Act terminates an investment trust, etc. for exclusive use of overseas Koreans.
 - (4) Any person who intends to repurchase or transfer securities upon the occurrence of unavoidable causes under the proviso to Article 91 - 12 (2) of the Act shall submit a report on the grounds for special termination to the institution handling an investment trust, etc. for exclusive use of overseas Koreans.

(5) A person who intends to open an account for an investment trust, etc. for exclusive use of overseas Koreans shall submit the following documents certifying that he/she is an overseas Korean, to an institution handling the investment trust, etc. for exclusive use of overseas Koreans: <Amended by Presidential Decree No. 21914, Dec. 30, 2009>

1. Cases falling under paragraph (1) 1: A certified copy of a register of Korean national residing abroad under Article 7 (1) of the Registration of Korean Nationals Residing Aboard Act or a copy of a permanent residency passport under Article 6 (4) of the Enforcement Decree of the Passport Act;

2. Cases falling under paragraph (1) 2: Each documents listed in following items: Provided, That, if the person is entitled to stay as an overseas Korean (F - 4) under subparagraph 28 - 2 of the attached Table 1 of Enforcement Decree of the Immigration Control Act, he/she may submit a copy of visa in which such entitlement to stay is indicated, in lieu of the following documents:

(a) A person who had Korean nationality and has acquired a foreign citizenship: A certificate concerning family relationship record or a family census removal registration, documents proving reason why a citizenship of a foreign country is acquired and date or a copy of passport of the residing country;

(b) A person who has acquired a citizenship of a foreign country as a person one of whose parents or one of whose grandparents retained the citizenship of ROK: A certificate concerning family relationship record or a family census removal registration, documents proving reason why a citizenship of a foreign country is acquired and date or a copy of passport of the residing country, documents proving that a person is in relationship of lineal ascendant/descendant, such as birth certificate, etc.

(6) Any person who has opened an account for an investment trust, etc. for exclusive use of overseas Koreans and intends to be accorded special treatment under Article 91 - 12 (1) of the Act, shall submit documents certifying that he/she is a non - resident, as prescribed by the Commissioner of the National Tax Service.

[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009]

Article 92 - 12 Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014>

Article 92 - 13 (Non - Taxation on Asset - Building Savings)(1) A resident who intends to open an asset - building savings account shall obtain a certificate of verification of income issued by the head of a tax office, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, and submit it to the institution handling savings accounts. In such cases, a resident who meets the requirements of Article 91 - 14 (3) 1 (c) of the Act shall also submit a certificate of verification of eligibility for opening an asset - building savings account for youths that indicates his/her final education background, employment at a small or medium enterprise, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(2) The Commissioner of the National Tax Service shall examine whether the holder of an asset - building savings account meets the requirements of Article 91 - 14 (1) 1 or (3) 1 of the Act and notify the relevant institution handling savings accounts of the findings thereof by the end of February of the year following the year in which the account holder opens the account (or the year in which a decision or correction is made, if any decision or correction is made with respect to the account holder under Article 80 of the Income Tax Act).<Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

(3) Where the holder of an asset - building savings account objects to the matters notified by the Commissioner of the National Tax Service to the institution handling savings accounts pursuant to paragraph (2), he/she may present his/her opinion to the Commissioner of the National Tax Service, who shall notify the institution handling savings accounts of whether he/she accepts such opinion within 14 days after receipt of such opinion.

(4) The installment savings account referred to in Article 91 - 14 (1) 2 of the Act includes a savings account opened in the feeder fund established or created under Article 233 of the Financial Investment Services and Capital Market Act.

(5) "Any other ground prescribed by Presidential Decree" in the proviso to Article 91 - 14 (3) of the Act means any of the grounds provided for in the subparagraph of Article 81 (6) which has occurred within six months from termination, and a person who intends to terminate his/her asset - building savings account upon the occurrence of the ground prescribed in the proviso to Article 91 - 14 (3) of the Act shall submit

a report on the grounds for special termination to the institution handling savings accounts.

(6) “ Enterprise prescribed by Presidential Decree ” in Article 91 - 14 (3) 1 (c) of the Act means an enterprise defined under Article 27 (3), and “ youth prescribed by Presidential Decree ” in Article 91 - 14 (3) 1 (c) of the Act means a resident who has graduated from a high school or a lower school as at the date of opening an asset - building savings account and falls between the ages of 15 and 29 years (including any person who is 29 years of age or under, as calculated by subtracting the period of military service (six years maximum) from his/her age at the time of opening the asset - building savings account, if he has performed any military service specified in the items of Article 27 (1) 1). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015 >

(7) An institution handling savings accounts shall deal in the asset - building savings using the asset - building savings passbook through which only the asset - building savings are deposited or withdrawn, and the words "asset - building savings passbook" shall be marked on the cover of each asset - building savings passbook.

(8) An institution handling savings accounts shall indicate the limit of the contract amount of the asset - building savings, inquires, and other necessary matters in the terms and conditions of the asset - building savings.

(9) Article 91 - 14 (1) of the Act shall not apply to the interest income and dividend income generated on or after the expiration date of the contract term of the asset - building savings (where the expiration date is extended pursuant to Article 91 - 14 (2) of the Act, on or after such extended expiration date).

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 93 (Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)(1)

"Bonds prescribed by Presidential Decree" in Article 91 - 15 (1) of the Act, means corporate bonds, the lowest rating of which assessed by at least two persons authorized to engage in credit rating business under Article 335 - 3 of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "credit rating company") is BBB+ or lower (A3+ or lower, in cases of short - term electronic bonds defined in subparagraph 1 of Article 2 of the Act on Issuance and Distribution of Short - Term Electronic Bonds, Etc.) (hereafter in this Article,

referred to as "inferior bond"). <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

(2) "Stock certificates prescribed by Presidential Decree" in Article 91 - 15 (1) of the Act, means stock certificates listed on the KONEX defined in Article 11 (2) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "KONEX - listed stocks").

(3) "Investment trust, etc. prescribed by Presidential Decree" in Article 91 - 15 (1) of the Act, means a collective investment scheme, discretionary investment property, or specified money trust created under the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "investment trust, etc.") which meets each of the following requirements that:<Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. The average holding ratio of inferior bonds and KONEX - listed stocks by the relevant investment trust, etc. every three months from the date of its creation or establishment, shall be at least 45/100; and the average holding ratio of domestic bonds by the relevant investment trust etc, including such inferior bonds and KONEX - listed stocks, shall be at least 60/100. In such cases, the average holding ratio shall be calculated by aggregating the daily ratios (hereafter in this Article, referred to as "daily holding ratio") of the assessed value of the inferior bonds, KONEX - listed stocks, and domestic bonds respectively to the assessed value of the investment trust, etc. for three months, and dividing the aggregate by the total number of days for the three - months period;

2. It shall invest only in domestic assets.

(4) For the purposes of paragraph (1), whether the relevant bonds are inferior bonds shall be determined based on the date the bonds are incorporated into the high - yield, high - risk investment trust: Provided, That where such bonds were not inferior bonds as at the time of incorporation into the high - yield, high - risk investment trust, but they become inferior bonds after the incorporation into the investment trust, etc., such bonds shall be deemed inferior bonds from the date they become such bonds.

(5) For the purposes of paragraph (2), whether the relevant stock certificates are KONEX - listed stocks shall be determined based on the date the relevant stock certificates are incorporated into the high - yield, high - risk investment trust: Provided, That where such stock certificates were not listed on KONEX as at the

time of incorporation into the high - yield, high - risk investment trust, but they are listed on KONEX after the incorporation into the investment trust, etc., such stock certificates shall be deemed KONEX - listed stocks from the date of listing on KONEX.

(6) In calculating the daily holding ratio referred to in the latter part of paragraph (3) 1, if the assessed value of the investment trust, etc. is smaller than the invested principal, and if the daily holding ratio of inferior bonds and KONEX - listed stocks, or the daily holding ratio of domestic bonds, including such inferior bonds and KONEX - listed stocks, is lower than 45/100 or 60/100, respectively, the daily holding ratio shall be deemed 45/100 or 60/100, respectively, for the purpose of calculation.

<Amended by Presidential Decree No. 27649, Dec. 1, 2016>

(7) For the purposes of paragraph (3) 1, the relevant high - yield, high - risk investment trust shall be deemed to meet the requirements provided for in the former part of the same subparagraph respectively for the three - month period from the date of maturity, and from the date of creation or establishment.

(8) Article 91 - 15 (1) and (2) of the Act shall not apply to the income accruing during the pertinent settlement period, in which the high - yield, high - risk investment trust fails to meet the requirements provided for in paragraph (3) 1 for three months.

(9) Any non - resident who intends to subscribe to a high - yield, high - risk investment trust shall submit his/her resident certificate issued by the competent authority of the country in which he/she resides, to the withholding agent.

(10) "Extenuating circumstances prescribed by Presidential Decree" in the proviso to Article 91 - 15 (4) of the Act, means any of the following grounds, which has arisen within six months before cancelling or redeeming the high - yield, high - risk investment trust, or transferring the right to such trust:

1. A resident: Any of the following grounds:

- (a) A natural disaster;
- (b) Retirement of the subscriber;
- (c) Closure of his/her place of business;
- (d) Any injury or disease that requires the subscriber to be hospitalized for medical treatment or recuperation for at least three months;

(e) Business suspension, revocation of a business license or permission, resolution of dissolution, or declaration of bankruptcy of the institution dealing with the high - yield, high - risk investment trust;

2. A non - resident or foreign corporation: A natural disaster.

(11) Any person who intends to cancel or redeem a high - yield, high - risk investment trust or to transfer his/her right to such trust due to any of the grounds specified in paragraph (10), shall submit a report on the cause for special cancellation in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the institution dealing with the high - yield, high - risk investment trust.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 93 - 2 (Income Deductions for Long - Term Collective Investment Securities

Savings)(1) A person who intends to open an account of the long - term collective investment securities savings under Article 91 - 16 (1) of the Act shall be issued a certificate of income verification in the form prescribed by Ordinance of the Ministry of Strategy and Finance by the head of a tax office, and submit it to an institution dealing in such savings.

(2) The Commissioner of the National Tax Service shall examine whether an account holder of the long - term collective investment securities savings meets the requirements prescribed in Article 91 - 16 (1) 1 of the Act, and notify the relevant institution dealing in the relevant savings of the results thereof by the end of February of the year following the year in which the account is opened (where any determination or correction is made against the account holder under Article 80 of the Income Tax Act, by the end of February of the year following the relevant year in which such determination or correction is made).

(3) Where an account holder of the long - term collective investment securities savings objects to the matters notified by the Commissioner of the National Tax Service to the institution dealing in the savings pursuant to paragraph (2), he/she may present his/her opinion to the Commissioner of the National Tax Service, who shall notify the institution dealing in the savings of whether or not he/she accepts such opinion within 14 days after receipt of such opinion.

(4) At least 40/100 of its total amount of assets referred to in Article 91 - 16 (1) 2 of the Act means where the daily holding ratio of stocks issued and traded in Korea

(limited to the stocks listed on a securities market under the Financial Investment Services and Capital Markets Act) since the date of creation or establishment of the long - term collective investment securities savings is at least 40/100 of the total amount of assets.

(5) For the purpose of Article 91 - 16 (1) 2 of the Act, the requirement for holding at least 40/100 of the total assets (hereafter referred to as "minimum holding requirement" in this Article) shall not apply in any of the following cases. In such cases, in cases falling under subparagraph 4 or 5, the minimum holding requirement shall be met within 15 days from the date on which the long - term collective investment securities savings fail to meet such requirement:

1. For one month from the date the long - term collective investment securities savings were first established or created;
2. For one month from the end of the fiscal year of the long - term collective investment securities savings (limited to where a fiscal period is at least three months);
3. For one month from the date of dissolution or cancellation of the long - term collective investment securities savings (limited to where the period from the date of the first establishment or creation to the date of dissolution or cancellation is at least three months);
4. Where additional creation or requests for cancellation for three business days has respectively accumulated in excess of 10/100 of the total asset of the long - term collective investment securities savings;
5. Where the long - term collective investment securities savings fail to meet the minimum holding requirement due to changes in the price of its assets.

(6) Where long - term collective investment securities savings are established or created as a feeder fund under Article 233 of the Financial Investment Services and Capital Markets Act, indirect acquisition of stocks referred to in Article 91 - 16 (1) 2 of the Act by investing in a master fund shall be deemed investment in stocks for the purpose of calculating the holding ratio.

(7) Where long - term collective investment securities savings have been established or created as an umbrella fund under Article 232 of the Financial Investment Services and Capital Markets Act, and an account holder thereof switches them with other collective investment securities under the collective investment agreement,

he/she shall not be deemed to have withdrawn or terminated such savings under Article 91 - 16 (1) 3 of the Act or Article 91 - 16 (4) of the Act.

(8) "Account holder ' s death, or emigration to a foreign country, or unavoidable circumstances prescribed by Presidential Decree" in the proviso to Article 91 - 16 (5) of the Act means any of the following:

1. Account holder ' s death or emigration to a foreign country;
2. Any of the following causes that occurs six months before termination:
 - (a) Natural calamity;
 - (b) Account holder ' s retirement;
 - (c) Closure of the place of business;
 - (d) Any injury or disease that requires the account holder to be hospitalized for medical treatment or recuperation for at least three months;
 - (e) Suspension of business, revocation of authorization for, or permission for business, resolution of dissolution, or declaration of bankruptcy of the institution dealing in the savings;
 - (f) Where the collective investment business operator terminates the relevant collective investment scheme because the principal of the collective investment scheme falls short of five billion on the first anniversary of the date of first establishment or creation thereof, or because the principal of the collective investment scheme falls short of five billion won for one month running from the first anniversary of the date of first establishment or creation thereof.

(9) A person who intends to terminate his/her savings contract due to any of the causes specified in paragraph (8) shall submit a report on the ground for special termination in the form prescribed by Ordinance of the Ministry of Strategy and Finance to the institution dealing in savings.

(10) Every institution dealing in the savings shall deal in the long - term collective investment savings using the passbooks for the long - term collective investment savings, through which only the long - term collective investment savings are deposited or withdrawn, and the words "long - term collective investment savings eligible for income deductions" shall be marked on the cover of each passbook for the long - term collective investment savings passbook.

(11) An institution dealing in savings shall indicate the limit of the contract amount of long - term collective investment savings, inquiries, and other necessary matters in

the terms and conditions of the long - term collective investment savings.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 93 - 3 (Special Taxation for Collective Investment Schemes Only for Investment in Foreign Stocks) (1) "Account prescribed by Presidential Decree for collective

investment securities savings only for investment in foreign stocks" in Article 91 - 17

(1) 1 of the Act means an account of a savings product that meets both of the following requirements (hereafter referred to as "exclusive savings product" in this Article):

1. The savings product shall be provided by a financial institution specified in any item of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality, and transactions of the savings product shall be made by a passbook bearing an indication that it is for collective investment securities savings only for investment in foreign stocks;
2. The savings product shall be only for investments in collective investment securities of a collective investment scheme only for investments in foreign stocks referred to in Article 91 - 17 (1) of the Act (hereafter referred to as "exclusive collective investment scheme" in this Article), and the contract term of the savings product shall not exceed ten years.

(2) "Stocks listed on a foreign exchange" in the main sentence of Article 91 - 17 (1) of the Act means stocks that meet both of the following requirements:

1. Such stocks shall have been issued by a foreign corporation established pursuant to the statutes of a foreign country: Provided, That stocks of a corporation established for the purpose of collective investment shall be excluded herefrom;
2. Such stocks shall have been listed on a market in a foreign country defined under subparagraph 1 of Article 2 of the Securities Transaction Tax Act (hereafter referred to as "foreign stock exchange" in this Article).

(3) Notwithstanding paragraph (2), depository receipts that meet both of the following requirements shall be deemed stocks that meet both of the requirements provided for in paragraph (2):

1. Depository receipts shall have been issued based on individual stocks that meet both of the requirements of paragraph (2);

2. Depository receipts shall have been listed on a foreign stock exchange.

(4) An exclusive collective investment scheme shall ensure that the holding ratio of stocks listed on a foreign stock exchange under paragraphs (2) and (3) (referring to the aggregate of the ratio of direct investments by the exclusive collective investment scheme in stocks listed on a foreign stock exchange and the ratio of investments in stocks listed on a foreign stock exchange via other collective investment schemes that directly invest in stocks listed on a foreign exchange; hereafter referred to as "holding ratio" in this Article) is at least 60/100 of daily total assets in making investments (hereafter referred to as "duty to maintain minimum holding" in this Article): Provided, That, even where the holding ratio is less than 60/100 during any of the following periods, the holding ratio shall be deemed at least 60/100:

1. One month from the date of initial creation or establishment of the exclusive collective investment scheme;
2. One month before the end of the accounting period of the exclusive collective investment scheme (limited to where the accounting period is not less than three months);
3. One month before the date of dissolution or termination of the exclusive collective investment scheme (limited to where the period from the date of initial establishment or creation to the date of dissolution or termination is not less than three months);
4. One month from the day on which the accumulated amount of additional establishment or the accumulated amount of claims for termination for three business days exceeds 10/100 of the total assets of the exclusive collective investment scheme, respectively, and consequently the exclusive collective investment scheme breaches the duty to maintain minimum holding;
5. One month from the day on which the exclusive collective investment scheme breaches the duty to maintain minimum holding due to fluctuation of prices of assets in which it has made investments.

(5) "Sum of the amounts deposited in the accounts (~omitted~) for collective investment securities savings only for investment in foreign stocks" in Article 91 - 17 (1) 2 of the Act means the aggregate of the principal in each exclusive savings account (referred to the maximum limit, if such maximum limit is set for the principal

that may be deposited in each exclusive savings account), which shall be calculated as follows:

1. By the investment period specified in Article 91 - 17 (1) of the Act (hereafter referred to as "investment period" in this Article): Where some or all of the collective investment securities held in each exclusive savings account are redeemed and re - invested in collective investment securities without being withdrawn from the exclusive account, the re - invested amount shall not be added to the principal of the exclusive savings account, while an amount partially withdrawn from the exclusive savings account shall be deemed to be withdrawn from the principal of the relevant savings account;
2. After the lapse of the investment period: Where some or all of the collective investment securities held in each exclusive savings account are redeemed and re - invested in collective investment securities of an exclusive collective investment scheme (referring to the collective investment securities held in the savings account as invested during the investment period), the re - invested amount shall be added to the principal of the exclusive savings account, while an amount partially withdrawn from the exclusive savings account shall be deemed to be not withdrawn from the relevant savings account;
3. For the purposes of subparagraphs 1 and 2, where gains from an exclusive collective investment scheme are re - invested under Article 242 of the Financial Investment Services and Capital Markets Act, such gains shall not be added to the principal of the exclusive savings account.

(6) Where an additional investment is made in collective investment securities of an exclusive collective investment scheme, which have been held as invested during the investment period, such additional investment shall be deemed an investment under Article 91 - 17 (1) of the Act.

(7) Article 94 - 2 of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to the calculation of the maximum limit on foreign tax credits for payments made by an exclusive collective investment scheme. In this regard, profits or losses not included in dividend income under Article 91 - 17 (1) of the Act shall be deemed "taxable income as income for the relevant business year" in Article 94 - 2 (1) 1 of the Enforcement Decree of the Corporate Tax Act.

(8) The holder of an exclusive savings account shall redeem collective investment securities of an exclusive collective investment scheme, which he/she holds in the exclusive savings account, by no later than the end of the contract term for the exclusive savings account.

(9) The scope of stocks listed on foreign stock exchanges, operation of exclusive savings accounts, and other necessary matters shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 93 - 4 (Special Taxation for Individual Savings Accounts)(1) "Farmer or fisherman prescribed by Presidential Decree" in Article 91 - 18 (1) 3 of the Act, means a farmer defined in subparagraph 2 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, or a fisherman defined in subparagraph 3 of Article 3 of the Framework Act on Fishers and Fishing Villages Development.

(2) A resident referred to in Article 91 - 18 (1) of the Act who intends to open an individual savings account provided for in Article 91 - 18 (3) of the Act (hereafter in this Article, referred to as "individual savings account"), shall submit the following documents to a trust business entity, etc. referred to in paragraph (5) of the same Article (hereafter in this Article, referred to as "trust business entity, etc."). If a resident is eligible under Article 91 - 18 (6) 1 (a) of the Act and is over 30 years old as at the date of opening an account in such cases, the resident shall additionally submit an evidentiary document of his military service period; and a resident eligible under Article 91 - 18 (6) 1 (c) of the Act shall additionally submit a certificate issued by the head of the relevant Si/Gun/Gu on the grant of a subsidy for asset - building:

<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. A resident eligible under Article 91 - 18 (1) 1 or 2 of the Act: An income certificate issued by the head of the competent tax office in the form prescribed by Ordinance of the Ministry of Strategy and Finance: Provided, That, if it is impracticable to ascertain whether the resident meets the requirement prescribed in Article 91 - 18 (1) 1 or 2 of the Act at the time of opening an account because such resident ' s business income or earned income first accrues during the immediately preceding taxable period or the relevant taxable period, he/she may

submit a certificate of payment of business income or earned income or a business registration certificate in lieu of the income certificate;

2. A resident eligible under Article 91 - 18 (1) 3 of the Act: Any of the following documents:

(a) A certificate of farmer issued by the head of the relevant regional branch or office of the National Agricultural Products Quality Management Service;

(b) A certificate of fisher issued by the administrator of the relevant Regional Office of Oceans and Fisheries or the head of the Jeju Oceans and Fisheries Management Division;

(c) A certificate of registration of an agricultural business entity issued by the head of the National Agricultural Products Quality Management Service, or a certificate of registration of a fishery business entity issued by the administrator of the relevant Regional Office of Oceans and Fisheries (limited to a farmer or a fisherman who is the proprietor of an agricultural or fishery business entity whose information about management of agriculture or fishery is registered under Article 4 (1) of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities).

(3) A trust business entity, etc. shall explain to a resident who intends to open an individual savings account that the relevant account contract will terminate under paragraph (5), and the amount of tax equivalent to the income for which the resident obtained special taxation shall be additionally collected, if the sum of his/her incomes referred to in Article 14 (3) 6 of the Income Tax Act for the immediately preceding taxable period, exceeds 20 million won. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(4) A trust business entity, etc. shall verify whether a holder of the individual savings account that wishes to be eligible under Article 91 - 18 (2) of the Act meets any of the requirement prescribed in Article 91 - 18 (2) of the Act with the income certificate submitted under paragraph (2) 1 at the time of opening the account. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(5) The Commissioner of the National Tax Service shall examine whether a holder of the individual savings account meets either of the following requirements at the time of opening the account and shall give notice to the relevant trust business entity, etc. by the following relevant deadline: <Amended by Presidential Decree No. 27848, Feb. 7,

2017>

1. The requirements provided for in Article 91 - 18 (1) and (2) of the Act: By the end of February of the year immediately following the year in which the individual savings account was opened (or the year in which a decision or correction was made with regard to the relevant holder pursuant to Article 80 of the Income Tax Act, if such decision or correction was made);

2. The requirements provided for in Article 91 - 18 (1) 1 or 2 of the Act: By August 31 of the year immediately following the year in which the individual savings account was opened (or the year in which a decision or correction was made with regard to the relevant holder pursuant to Article 80 of the Income Tax Act, if such decision or correction was made).

(6) If a holder of the individual savings account has an objection to the notice given by the Commissioner of the National Tax Service to the trust business entity, etc. under paragraph (5), the holder may present his/her opinion thereon to the Commissioner of the National Tax Service, as prescribed by Ordinance of the Ministry of Strategy and Finance; and the Commissioner of the National Tax Service shall give notice to the trust business entity, etc. of whether he/she accepts the opinion within 14 days from receipt of such opinion. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(7) "Financial investment business entity defined in Article 8 of the Financial Investment Services and Capital Markets Act, and prescribed by Presidential Decree" in Article 91 - 18 (3) 2 of the Act, means a person who engages in each of the following financial investment business and manages assets held in individual savings accounts under contracts for the management of asset - portfolio individual savings under Article 98 (2) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act:

1. Investment brokerage business referred to in Article 6 (1) 2 of the Financial Investment Services and Capital Markets Act;

2. Discretionary investment business referred to in Article 6 (1) 5 of the Financial Investment Services and Capital Markets Act.

(8) "Financial instruments prescribed by Presidential Decree" in Article 91 - 18 (3) 3 (a) of the Act, means the following financial instruments:

1. Deposits in financial institutions specified under Article 106 (2) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (excluding financial investment instruments defined in Article 3 of the Financial Investment Services and Capital Markets Act);

2. Bonds or securities traded under the condition of repurchase or resale under Article 24 of the Enforcement Decree of the Income Tax Act.

(9) "Assets determined by Presidential Decree" in Article 91 - 18 (3) 3 (d) of the Act, means shares of real estate investment trusts referred to in subparagraph 3 (a) of Article 2 of the Real Estate Investment Company Act.

(10) "Method prescribed by Presidential Decree" in Article 91 - 18 (4) of the Act, means subtracting losses (excluding profits or losses not included in the dividend income referred to in Article 17 of the Income Tax Act and profits or losses not included in gains from collective investment schemes referred to in Article 26 - 2 (4) of the Enforcement Decree of the same Act, or gains from exchange - traded securities referred to in Article 26 - 3 (3) of the Enforcement Decree of the same Act) from income in the following order:

1. Income accruing from the same type of asset as the asset on which a loss was incurred, of the assets specified under Article 91 - 18 (3) 3 of the Act;
2. Dividend income provided for in Article 17 of the Income Tax Act;
3. Interest income provided for in Article 16 of the Income Tax Act.

(11) The aggregate of interest income, etc. referred to in Article 91 - 18 (4) of the Act, shall be calculated by subtracting various fees, charges, etc. payable under the Financial Investment Services and Capital Markets Act from the amount calculated by subtracting losses from interest income, etc., as provided for in paragraph (10).

(12) "Extenuating circumstances prescribed by Presidential Decree, such as the account holder's death or emigration" in the former part of Article 91 - 18 (6) of the Act, means the following: <Amended by Presidential Decree No. 27649, Dec. 1, 2016>

1. Where the account holder is dead or has emigrated to a foreign country;
2. Where any of the grounds specified under Article 81 (6) arises in relation to the account holder within six months before the termination of the individual savings account;
3. Where a person opens another individual savings account in his/her name and transfers assets held in his/her existing individual savings account upon termination

of the latter.

(13) A person who intends to terminate the contract for the individual savings account due to any of the grounds specified in paragraph (12) 1 or 2, shall submit a report on the ground for special termination in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the relevant trust business entity, etc. <Amended by Presidential Decree No. 27649, Dec. 1, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

(14) The term of a contract for the individual savings account of an account holder who falls under paragraph (12) 3, shall be counted from the date of opening the existing individual savings account. <Newly Inserted by Presidential Decree No. 27649, Dec. 1, 2016>

(15) "Youth prescribed by Presidential Decree" in Article 91 - 18 (6) 1 (a) of the Act, means a person between the ages of 15 and 29 years as at the date of opening an individual savings account (including any person who is 29 years of age or under, as calculated by subtracting the period of military service (six years maximum) from his/her age at the time of opening an individual savings account, if he has performed any military service specified under Article 27 (1) 1).

(16) Each trust business entity, etc. shall stipulate the maximum limit on the contract amount of an individual savings account, the contract term, the method of management, etc. in the terms and conditions of the individual savings account. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(17) The scope of assets that may be managed by individual savings accounts; the method for calculating interest income, etc.; and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

SECTION 10 Special Taxation for Stabilization of People's Livelihood

Article 94 (Tax Credits for Investment in Facilities for Promoting Workers' Welfare)(1)

"National prescribed by Presidential Decree" in the main sentence of Article 94 (1) of the Act, means a national who acquires any of the facilities specified under Article 94 (1) of the Act (excluding any national who engages in consumer service business, if the national acquires the facility specified in Article 94 (1) 2 of the Act).

<Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(2) "Housing prescribed by Presidential Decree" in Article 94 (1) of the Act, means housing in the size of national housing unit defined in subparagraph 6 of Article 2 of the Housing Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27444, Aug. 11, 2016>

(3) "Facilities prescribed by Presidential Decree" in Article 94 (1) 4 of the Act, means convenient facilities for persons with disabilities, elderly persons, pregnant women, etc. and facilities for employing persons with disabilities, which are prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010>

(4) "Facilities prescribed by Presidential Decree" in Article 94 (1) 5 of the Act, means any of the following facilities prescribed by Ordinance of the Ministry of Strategy and Finance: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>

1. Resting places;
2. Health training centers;
3. Shower or bathing facilities.

(5) The amount of tax credits referred to in Article 94 (2) of the Act, shall be calculated by the following formula: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

Acquisition price of the relevant house, etc. × 7/100 (or 10/100, if the relevant house, etc. is acquired by a small or medium enterprise and where the relevant house, etc. is a national housing unit located in any area outside of the Seoul Metropolitan area) × (Total floor area of rental national housing units or dormitory for non - homeowner employees ÷ Total floor area of the housing, etc.)

(6) Any person who intends to be eligible under Article 94 (1) of the Act, shall file an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the taxable year in which the relevant facility is acquired. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

(7) Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

(8) An additional amount equivalent to the interest referred to in Article 94 (4) of the Act, shall be calculated by multiplying the amount of tax credits by the period of

subparagraph 1 and the ratio of subparagraph 2: <Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002>

1. The period from the day following the deadline for filing a tax return for the tax credit - granted taxable year, until the deadline for filing a tax return for the taxable year in which a ground provided for in Article 94 (4) of the Act, arises;
2. 3/10,000 per day.

Article 95 (Tax Credits for Monthly Rents)(1) “ Household prescribed by Presidential Decree ” in the main sentence of Article 95 - 2 (1) of the Act, means a household that includes a resident, his/her spouse, and all lineal ascendants and descendants (including their spouses) and siblings of the resident and of his/her spouse living together with the resident at the same domicile or abode. In such cases, the resident and his/her spouse shall be deemed to constitute one household, even where they live apart from each another.

(2) “ Monthly rent prescribed by Presidential Decree ” in the main sentence of Article 95 - 2 (1) of the Act, means a monthly rent (including a monthly rent prepaid; hereafter in this Article, referred to as “ monthly rent ”) paid to rent a house that meets the following conditions (including officetels referred to in subparagraph 4 of Article 4 of the Enforcement Decree of the Housing Act and facilities for Gosiwon business referred to in subparagraph 4 (p) of attached Table 1 to the Enforcement Decree of the Building Act; hereafter in this Article, the same shall apply): <Amended by Presidential Decree No. 27444, Aug. 11, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. The house shall be in the size of national housing unit defined in subparagraph 6 of Article 2 of the Housing Act. If the house is a multi - unit house, the size shall be based on the area for exclusive use by each unit;
2. The area of land appurtenant to the house shall not exceed any of the following multipliers:
 - (a) Five times in cases of land in an urban area defined in subparagraph 1 of Article 6 of the National Land Planning and Utilization Act;
 - (b) Ten times in cases of land in other areas;
3. The address stated in the lease contract referred to in Article 3 - 2 (2) of the Housing Lease Protection Act shall be same as the address recorded in the certified transcript of the relevant resident ’ s registration card;

4. The relevant resident or a person eligible for basic deductions for the relevant resident under Article 50 (1) 2 or 3 of the Income Tax Act, shall have signed a lease contract.

(3) For the purposes of Article 95 - 2 (1) of the Act, a monthly rent shall be calculated by dividing the total amount of monthly rents payable for the housing lease period under the relevant lease contract by the number of days for the housing lease contract period and then multiplying the amount so divided by the number of leasing days for the relevant taxable period.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 96 (Tax Reduction or Exemption for Small - Housing Rental Business Operators)

(1) "National prescribed by Presidential Decree" in Article 96 (1) of the Act, means a national who meets each of the following conditions: <Amended by Presidential Decree No. 26763, Dec. 28, 2015 >

1. The national shall have completed business registration under Article 168 of the Income Tax Act or Article 111 of the Corporate Tax Act;
2. The national shall be a rental business operator registered under Article 5 of the Special Act on Private Rental Housing or a public housing business operator designated under Article 4 of the Special Act on Public Housing.

(2) "Rental housing prescribed by Presidential Decree" in Article 96 (1) of the Act, means build - to - rent housing, buy - to - rent housing, commercial rental housing, or quasi - public rental housing defined under the Special Act on Private Rental Housing or the Special Act on Public Housing, which has been registered as rental housing by any national specified in paragraph (1) and meets each of the following conditions (hereafter in this Article, referred to as "rental housing"):<Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27444, Aug. 11, 2016 >

1. It shall be in the size of national housing unit defined in subparagraph 6 of Article 2 of the Housing Act (if it is a multi - unit house, the size shall be based on the area for exclusive use by each unit) (including an officetel used as residence and the land appurtenant to a house and an officetel. However, if the area of such appurtenant land exceeds the area calculated by multiplying the area on which the relevant building stands by either of the following applicable multipliers, whichever

is applicable to the relevant region, such house and officetel shall be excluded herefrom):

(a) Five times in cases of land in an urban area defined in subparagraph 1 of Article 6 of the National Land Planning and Utilization Act;

(b) Ten times in cases of land in other areas;

2. The total amount of standard market prices of the relevant house and the land appurtenant thereto shall not exceed 600 million won as at the date the national commences leasing the house.

(3) Whether a national leases at least three units of rental housing defined in Article 96 (1) or (2) of the Act for at least four years (or eight years, in cases of commercial rental housing defined in subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or quasi - public rental housing defined in subparagraph 5 of Article 2 of the same Act (hereafter in this Article, referred to as “ quasi - public rental housing, etc. ”)), shall be determined as follows:<Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where the number of months during which the national has actually leased at least three units of rental housing as at the end of each month in the relevant taxable year is at least 9/12 of the number of months in the relevant taxable year (in cases of a taxable year in which the commencement date of leasing at least three units of rental housing falls, the number of months from the month in which the commencement date of leasing at least three units of rental housing falls to the month in which the end of the taxable year falls), such resident shall be deemed to have leased at least three units of rental housing;

2. Where the number of months during which the national has actually leased at least three units of rental housing as at the end of each month during the period from the commencement date of leasing at least three units of rental housing to the end of the month within which the fourth anniversary falls (or the eighth anniversary, in cases of quasi - public rental housing, etc.) is at least 43 months (or 87 months, in cases of quasi - public rental housing, etc.), such national shall be deemed to have leased at least three units of rental housing for at least four years (or eight years, in cases of quasi - public rental housing, etc.);

3. For the purposes of subparagraph 1 or 2, where the period from the date a former lessee moves out, until the date a new lessee moves in, does not exceed three months, such period shall be deemed the lease period;
 4. For the purposes of subparagraph 1 or 2, where an heir, a merging corporation, a corporation newly established following split - off, or a corporation in which an investment is made (hereafter in this subparagraph, referred to as "heir, etc."), acquires and leases rental housing leased by the decedent, a merged corporation, a split - off corporation, or an investing corporation (hereafter in this subparagraph, referred to as "decedent, etc.") due to inheritance, merger, split - off, spin - off, or investment in kind, the lease period of the decedent, etc. shall be deemed the lease period of the heir, etc.;
 5. For the purposes of subparagraph 1 or 2, where rental housing is disposed of, or cannot be leased due to expropriation (including purchase through negotiations) under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects or any other Act, such rental housing shall be deemed leased continuously;
 6. For the purposes of subparagraph 1 or 2, where rental housing is disposed of, or cannot be leased due to implementing a housing reconstruction project or housing redevelopment project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, such rental housing shall be deemed leased for the period from six months before the approval date of the management and disposal plan of such rental housing to six months after the completion date of works.
- (4) If a national granted a reduction of income tax or corporate tax under Article 96 (2) of the Act, fails to lease at least three units of rental housing for at least four years (or eight years, in cases of quasi - public rental housing, etc.), the national shall pay the full amount of income tax or corporate tax reduced (or the equivalent to 60/100 of the amount of tax reduced, if quasi - public rental housing, etc. has been leased for at least four years, but less than eight years), and an additional amount equivalent to interest calculated under Article 96 (3) of the Act, as income tax or corporate tax, at the time of filing his/her tax return for the taxable year in which the relevant ground arises. <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(5) "Extenuating circumstances prescribed by Presidential Decree" in the proviso to Article 96 (3) of the Act, means the following circumstances: <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

1. Where a national disposes of, or cannot lease rental housing due to bankruptcy or compulsory execution;
2. Where a national disposes of, or cannot lease rental housing, in order to perform legal obligations;
3. Where a national disposes of the relevant rental housing upon obtaining approval from the court according to the rehabilitation procedures under the Debtor Rehabilitation and Bankruptcy Act.

(6) A person who intends to apply for a tax reduction or exemption pursuant to Article 96 (4) of the Act, shall file an application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the following documents, at the time of filing his/her tax return for the relevant taxable year: <Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. A certificate of registration of a rental business operator under Article 4 (4) of the Enforcement Decree of the Special Act on Private Rental Housing, or a document certifying that the person has been designated as a public housing business operator under Article 4 of the Special Act on Public Housing;
2. A certificate of reporting on terms and conditions of leasing under Article 36 (4) of the Enforcement Decree of the Special Act on Private Rental Housing;
3. A copy of a lease contract;
4. Other documents prescribed by the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 97 (Reduction or Exemption of Capital Gains Tax for Long - Term Rental Housing Units)

(1) "Resident prescribed by Presidential Decree" in the main sentence of Article 97 (1) of the Act, means a resident who leases at least five units of rental housing. <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 21307, Feb. 4, 2009>

(2) Where the buildings for different purposes, such as some of build - to - rent housing units or the business section, etc. at the same lot number under the proviso to Article 97 (1) of the Act are established, Article 122 (4) and (5) of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the scope of such buildings deemed houses and the methods for calculating expenses incurred.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014>

(3) A resident who intends to report on housing lease pursuant to Article 97 (3) of the Act, shall submit a written report on housing lease, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the location of rental houses, within three months from the date he/she commences leasing the relevant house.<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 20720, Feb. 29, 2008>

(4) A person who intends to apply for a tax reduction or exemption pursuant to Article 97 (3) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with the following documents, at the time of filing a tax return for the taxable year in which the relevant rental house is transferred:<Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 26763, Dec. 28, 2015>

1. A certificate of registration of a rental business operator referred to in Article 4 (4) of the Enforcement Decree of the Special Act on Private Rental Housing, or a document certifying that the person has been designated as a public housing business operator under Article 4 of the Special Act on Public Housing;
2. A copy of a lease contract;
3. A certified copy of a tenant's resident registration card, or a copy of a tenant ' s resident registration certificate;
4. Deleted;<by Presidential Decree No. 19507, Jun. 12, 2006>
5. Other documents prescribed by Ordinance of the Ministry of Strategy and Finance.

(5) The rental period of a rental house under Article 97 (4) of the Act (hereafter in this Article, referred to as "house rental period"), shall be calculated as follows:<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31,

2001; Presidential Decree No. 20720, Feb. 29, 2008 >

1. The initial date in reckoning the house rental period shall be the date the house lease is commenced;
 2. Deleted; <by Presidential Decree No. 17458, Dec. 31, 2001 >
 3. Where the heir acquires the rental house from his/her decedent due to succession, and leases it, the house rental period of the decedent shall be added to the house rental period of the heir;
 - 3 - 2. Deleted; <by Presidential Decree No. 17458, Dec. 31, 2001 >
 4. The rental period of less than five houses shall not be deemed the house rental period;
 5. For the purposes of subparagraph 1 or 3, the period prescribed by Ordinance of the Ministry of Strategy and Finance shall be included in the house rental period.
- (6) Upon receipt of an application for tax reduction or exemption filed under Article 97 (3) of the Act, the head of the tax office having jurisdiction over the place of tax payment shall verify the certified copy of the registry of the rental house or the certified copies of the land cadastre and the building register by matching them against administrative information available for sharing under Article 36 (1) of the Electronic Government Act. <Newly Inserted by Presidential Decree No. 19507, Jun. 12, 2006; Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010 >

Article 97 - 2 (Special Cases for Capital Gains Tax Reduction or Exemption for Newly - Built Rental Houses) (1) "Resident prescribed by Presidential Decree" in Article 97 - 2 (1) of the Act means a resident who leases at least two units of rental housing, including at least one newly - built rental houses (referring to newly - built rental houses under Article 97 - 2 (1) of the Act; hereafter in this Article, the same shall apply). <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 21307, Feb. 4, 2009 >

(2) Article 97 (2) through (6) shall apply mutatis mutandis to a report on the particulars of lease, applications for tax reduction or exemption, calculation of the rental period, etc. concerning newly - built rental houses: Provided, That in applying mutatis mutandis Article 97 (4), the documents referred to in the subparagraphs of Article 97 (4) shall be submitted to the head of a tax office having jurisdiction over

the place of tax payment, accompanied by a copy of a sales contract and an evidentiary document attesting the date of paying the down payment, in cases of purchased rental houses under Article 97 - 2 (1) 2 of the Act. <Amended by Presidential Decree No. 19507, Jun. 12, 2006>

[This Article Newly Inserted by Presidential Decree No. 16693, Jan. 10, 2000]

Article 97 - 3 (Special Taxation for Capital Gains Tax on Quasi - Public Rental Housing,

etc.)(1) "Resident prescribed by Presidential Decree" in Article 97 - 3 (1) of the Act, means a resident defined in Article 1 - 2 (1) 1 of the Income Tax Act.

(2) "Leasing it for at least ten consecutive years" in the proviso to Article 97 - 3 (1) of the Act or "leasing it for at least eight consecutive years" in Article 97 - 3 (1) 1 of the Act, means where a commercial rental housing unit or a quasi - public rental housing unit defined in subparagraph 4 or 5 of Article 2 of the Special Act on Private Rental Housing (hereafter in this Article, referred to as "quasi - public rental housing unit, etc. "), has been registered for at least ten or eight consecutive years, respectively, and has been leased for at least ten or eight years in total, respectively, during the period in which the housing unit has been registered. <Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(3) "Requirements, etc. for restrictions on the increase of rental deposits or rents prescribed by Presidential Decree" in Article 97 - 3 (1) 2 of the Act, means the following requirements: <Amended by Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27444, Aug. 11, 2016>

1. The annual increase rate of rental deposits or rents shall not exceed 5/100;
2. The house shall not exceed the size of national housing unit defined in subparagraph 6 of Article 2 of the Housing Act (the size shall be based on the area for exclusive use by each unit, if the house is a multi - unit house);
3. The rental house shall be leased for at least eight years from the commencement date of leasing;
4. Deleted. <by Presidential Decree No. 26959, Feb. 5, 2016>

(4) Article 97 (5) 1, 3, and 5 shall apply mutatis mutandis to calculating the lease period of quasi - public rental housing, etc. In such cases, the lease of such housing shall be deemed to commence on the date of lease after completing business

registration under Article 168 of the Income Tax Act, registration of a rental business operator under Article 5 of the Special Act on Private Rental Housing, and registration of quasi - public rental housing, etc., and the period corresponding to 50/100 of the lease period of private rental housing, which shall not exceed five years, shall be included in the lease period of quasi - public rental housing, etc., where private rental housing under the Special Act on Private Rental Housing is registered as quasi - public rental housing, etc. <Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016 >

(5) A person who intends to apply for special tax treatment pursuant to Article 97 - 3 (2) of the Act, shall file an application for special tax treatment, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her preliminary or final tax return on capital gains from the relevant quasi - public rental housing, etc. In such cases, Article 97 (3), (4), and (6) shall apply mutatis mutandis to the procedures for filing applications and other matters. <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 97 - 4 (Special Taxation for Capital Gains Tax on Long - Term Rental Housing

Units)(1) "Housing unit prescribed by Presidential Decree" in Article 97 - 4 (1) of the Act, means a long - term rental housing unit defined in Article 167 - 3 (1) 2 (a) or (c) of the Enforcement Decree of the Income Tax Act (including houses owned by a non - resident defined in Article 1 - 2 (1) 2 of the Income Tax Act; hereafter in this Article, referred to as "long - term rental housing unit"). <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

(2) For the purposes of Article 97 - 4 (1) of the Act, the provisions of Article 97 (5) 1, 3, and 5 shall apply mutatis mutandis to calculating the lease period of long - term rental housing. In such cases, the lease shall be deemed to commence on the date of lease after the relevant rental business operator completes the business registration under Article 168 of the Income Tax Act and the registration as a rental business operator under Article 5 of the Special Act on Private Rental Housing, or after the relevant business operator is designated as a public housing business operator under

Article 4 of the Special Act on Public Housing. <Amended by Presidential Decree No. 26763, Dec. 28, 2015>

(3) A person who intends to apply for special tax treatment pursuant to Article 97 - 4 (2) of the Act, shall file an application for special tax treatment, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her preliminary or final tax return on capital gains from the relevant long - term rental housing unit. In such cases, Article 97 (3), (4), and (6) shall apply mutatis mutandis to the procedures for filing applications and other matters.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 97 - 5 (Reduction or Exemption of Capital Gains Tax for Quasi - Public Rental Housing Units, etc.)

(1) Where a commercial rental housing unit or a quasi - public rental housing unit defined in subparagraph 4 or 5 of Article 2 of the Special Act on Private Rental Housing (hereafter in this Article, referred to as “ quasi - public rental housing unit, etc ”), is leased for at least ten consecutive years under Article 97 - 5 (1) 2 of the Act, means where a quasi - public rental housing unit, etc. has been registered for at least ten consecutive years and has been leased for at least ten consecutive years during the period in which such housing unit has been registered. In such cases, such housing unit shall be deemed leased consecutively during the relevant period: <Amended by Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. The period not exceeding six months from the date the former tenant moves out, until the date the new tenant transfers his/her resident registration;
2. The period during which it is impossible to lease the housing unit due to purchase through negotiations or expropriation under any Act specified under Article 72 (2);
3. The period from six months before the approval date of the management and disposal plan of the housing unit, until six months after the completion date of work, where it is impossible to lease such housing unit due to implementing a housing reconstruction project or a housing redevelopment project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents.

(2) For the purposes of Article 97 - 5 (1) of the Act, capital gains accruing during the lease period shall be calculated by the following formula. If a person acquires or transfers a housing unit or the last day of the lease period under paragraph (1) arrives, before a new standard market price is publicly notified, the standard market price for the immediately preceding period shall apply to the calculation of such capital gains:

Capital gains under Article 95 (1) of the Income Tax Act \times {(Standard market price on the end of the lease period under paragraph (1) - Standard market price at the time of acquisition) \div (Standard market price at the time of transfer - Standard market price at the time of acquisition)}

(3) Article 97 (5) 1 and 3 shall apply mutatis mutandis to calculating the lease period of quasi - public rental housing, etc. In such cases, the lease shall be deemed to commence on the date of lease after completing business registration under Article 168 of the Income Tax Act and the registration of a rental housing business operator under Article 5 of the Special Act on Private Rental Housing and the registration of quasi - public rental housing, etc. <Amended by Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26959, Feb. 5, 2016 >

(4) A person who intends to apply for special tax treatment under Article 97 - 5 (3) of the Act, shall file an application for special tax treatment in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with a preliminary or final tax return on capital gains from the relevant quasi - public rental housing, etc. In such cases, Article 97 (3), (4), and (6) shall apply mutatis mutandis to the procedures for filing application and other matters. <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 97 - 6 (Special Taxation, etc. on In - Kind Investors in Real Estate Investment Companies for Rental Housing)(1) “ Real estate investment company for rental housing prescribed by Presidential Decree ” in Article 97 - 6 (1) and (2) 3 of the Act, means a real estate investment trust which invests in housing rental business under Article 14 - 8 (3) 2 of the Real Estate Investment Company Act, which is specified by Ordinance of the Ministry of Strategy and Finance (hereafter in this

Article, referred to as “ real estate investment company for rental housing ”).

(2) “ Portion used for rental housing, as prescribed by Presidential Decree ” in Article 97 - 6 (1) of the Act, means any of the following: <Amended by Presidential Decree No. 26763, Dec. 28, 2015>

1. Private rental housing defined in Article 2 of the Special Act on Private Rental Housing, or public rental housing defined in subparagraph 1 (a) of Article 2 of the Special Act on Public Housing (including officetels used as residence);

2. Land appurtenant to the housing referred to in subparagraph 1 (if the area of land exceeds the area calculated by multiplying the area on which a building stands, by either of the following multipliers, whichever is applicable to the relevant region, the excess land shall be disregarded):

(a) Five times in cases of land in an urban area specified in subparagraph 1 of Article 6 of the National Land Planning and Utilization Act;

(b) Ten times in cases of land in any other area.

(3) The amount by which a national may defer the payment of capital gains tax or the imposition of corporate tax pursuant to Article 97 - 6 (1) of the Act, shall be calculated as follows:

1. If the national is a resident: Amount of capital gains tax assessed under subparagraph 2 of Article 93 of the Income Tax Act × Ratio of the portion used for rental housing under paragraph (2) in the land or building referred to in Article 94 (1) 1 of the Income Tax Act, which has been invested in kind by the resident (hereafter in this Article, referred to as “ asset ”);

2. If the national is a domestic corporation:

(Consideration for investment in kind under Article 97 - 6 (1) 2 of the Act - Book value of the asset invested in kind) × Ratio of the portion used for rental housing under paragraph (2) in the asset invested in kind by the domestic corporation.

(4) Where a domestic corporation is granted deferred taxation of corporate tax under Article 97 - 6 (1) of the Act, it shall include the amount calculated under paragraph (3) 2 in deductible expenses for the purposes of calculating the amount of income for the business year in which an investment in kind is made. The amount to be included in deductible expenses shall be calculated for each piece of asset invested in kind, and the total amount included in deductible expenses shall be recognized as the advanced depreciation provision for stocks of a real estate

investment company, which have been acquired by making an investment in kind.

(5) Where investments in kind are made at least twice, each investment shall be deemed an independent investment in kind for the purposes of Article 97 - 6 (1) of the Act.

(6) For the purposes of paragraph (3), the amount of capital gains tax assessed under subparagraph 2 of Article 93 of the Income Tax Act, shall be calculated based on the actual transaction price under Article 96 (1) of the same Act; and the consideration for an investment in kind under Article 97 - 6 (1) 2 of the Act shall be calculated based on the market price under Article 52 (2) of the Corporate Tax Act of an asset invested in kind.

(7) A person shall pay capital gains tax deferred under Article 97 - 6 (2) of the Act or include the capital gains tax - deferred income in gross income, as follows:

<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. Where the person is a resident: To pay the amount calculated as follows as capital gains tax:

(a) Where the cumulative ratio calculated by dividing the number of stocks disposed of, out of the stocks acquired as consideration for an in-kind investment, by the number of stocks acquired as consideration for the in-kind investment (if stocks acquired by any manner other than an in-kind investment are disposed of, the stocks acquired as consideration for the in-kind investment shall be deemed first disposed of; hereafter in this subparagraph, referred to as “stock disposal ratio”) in cases falling under Article 97 - 6 (2) 1 or 4 of the Act, is less than 50/100: Amount of capital gains tax, the payment of which has been deferred under paragraph (3) × Stock disposal ratio;

(b) Where the cumulative stock disposal ratio is at least 50/100 in cases falling under Article 97 - 6 (2) 1 or 4 of the Act: The full amount of capital gains tax, the payment of which has been deferred under paragraph (3) (the amount of tax already paid under item (a) shall be excluded);

(c) In cases falling under Article 97 - 6 (2) 2 or 3 of the Act: The full amount of capital gains tax, the payment of which has been deferred under paragraph (3) (the amount of tax already paid under item (a) shall be excluded);

2. Where the person is a domestic corporation: To include the amount calculated as follows in gross income:

- (a) Where the cumulative ratio determined by dividing the number of stocks disposed of during the relevant business year, out of the stocks acquired as consideration for an in-kind investment, by the number of stocks acquired as consideration for the in-kind investment (if stocks acquired by any manner other than an in-kind investment are disposed of, the stocks acquired as consideration for the in-kind investment shall be deemed first disposed of; hereafter in this subparagraph, referred to as “ratio of stocks disposed of during the relevant year”) in cases falling under Article 97-6 (2) 1 of the Act, is less than 50/100: The advanced depreciation provision recognized for each investment in kind \times Ratio of stocks disposed of during the relevant year;
- (b) Where the cumulative disposal ratio of stocks acquired as consideration for each investment in kind for the relevant year in cases falling under Article 97-6 (2) 1 of the Act, is at least 50/100: The full amount of the advanced depreciation provision recognized under paragraph (4) (the amount already included in gross income under item (a) shall be excluded);
- (c) In cases falling under Article 97-6 (2) 2 or 3 of the Act: The full amount of the advanced depreciation provision recognized under paragraph (4) (the amount already included in gross income under item (a) shall be excluded).
- (8) An amount equivalent to the interest payable under Article 97-6 (3) of the Act, shall be calculated as follows:
1. In cases of a resident: An amount calculated by multiplying the amount of capital gains tax, the payment of which has been deferred but shall be paid under paragraph (7) 1 (c) by the period of item (a) and the ratio of item (b):
 - (a) The period from the day immediately following the deadline for filing the preliminary return and payment of capital gains tax on the land, etc. invested in kind, until the date of payment of the relevant tax under Article 97-6 (2) 2 or 3 of the Act;
 - (b) 3/10,000 per day;
 2. In cases of a domestic corporation: An amount calculated by multiplying the amount included in gross income under paragraph (7) 2 (c) by the period of item (a) and the ratio of item (b):
 - (a) The period from the day following the end of the business year in which an investment in kind is made, until the end of the business year in which the

amount under paragraph (7) 2 (c) is included in gross income;

(b) 3/10,000 per day.

(9) A national who wishes to be eligible under Article 97 - 6 (1) of the Act, shall file a statement of investments in kind and an application for special taxation for investments in kind, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, at the time of filing his/her tax return. In such cases, the relevant real estate investment company for rental housing shall also file an application for special taxation for investments in kind.

(10) Where a national is accorded special taxation under Article 97 - 6 (1) of the Act, the relevant real estate investment company for rental housing shall file a list of stockholders and a report on investment performance, with the head of the tax office having jurisdiction over the place of tax payment, by the end of each quarter.

[\[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015\]](#)

Article 97 - 7 (Special Taxation on Land Transferred to Commercial Rental Business

Operators)(1) Where a person who intends to be accorded special taxation under Article 97 - 7 (1) of the Act, transfers land and a building, etc. concurrently, and it is impracticable to separate the transfer price or acquisition price of the land from that of the building, etc., such prices shall be calculated on a pro rata basis by applying mutatis mutandis Article 166 (6) of the Enforcement Decree of the Income Tax Act.

(2) A person who intends to be granted a tax reduction or exemption pursuant to Article 97 - 7 (2) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by a document certifying that the transferee of the land is a commercial rental business operator defined in subparagraph 8 of Article 2 of the Special Act on Private Rental Housing, with the head of the tax office having jurisdiction over the place of tax payment, along with the preliminary or final tax return on capital gains from the relevant land.

(3) "Period prescribed by Presidential Decree from the date of transfer of the land" in Article 97 - 7 (3) 1 and 2 of the Act, means three years from the date of transfer of the land.

(4) "Period prescribed by Presidential Decree from the date of designation as the supply promotion district" in Article 97 - 7 (3) 1 of the Act, means six years from the date of designation as the supply promotion district.

(5) "Period prescribed by Presidential Decree from the date of approval of the project plan" in Article 97 - 7 (3) 2 of the Act, means six years from the date of approval of the project plan.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 97 - 8 (Special Taxation on In - Kind Investors in Publicly - Offering Real Estate Investment Companies)

(1) A domestic company that wishes to be granted deferred taxation on the equivalent to capital gains accruing from an in - kind investment as provided for in Article 97 - 8 (1) of the Act, shall include the amount calculated by the following formula in deductible expenses at the time of calculating the amount of income for the business year in which the in - kind investment is made. In such cases, the amount included in deductible expenses shall be calculated for each piece of asset invested in kind; and the total amount included in deductible expenses shall be recognized as the advanced depreciation provision for stocks of 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"): Value of stocks acquired by the in - kind investment under Article 97 - 8 (1) of the Act - Book value of assets invested in kind

(2) Where investments in kind are made at least twice, each investment shall be deemed an independent investment in kind for the purposes of Article 97 - 8 (1) of the Act.

(3) For the purposes of paragraph (1), the value of stocks acquired by an in - kind investment shall be the market price under Article 52 (2) of the Corporate Tax Act of an asset invested in kind.

(4) Where an amount of tax - deferred income shall be included in gross income in accordance with Article 97 - 8 (2) of the Act, the following relevant amount shall be included in gross income:

1. Where the cumulative ratio calculated by dividing the number of stocks disposed of during the relevant business year, out of stocks acquired as the price for an in -

kind investment, by the number of stocks acquired as the price for the in-kind investment (stocks acquired first shall be deemed first disposed of, and stocks acquired as the price for an in-kind investment shall be deemed first disposed of, if stocks acquired by any manner other than an in-kind investment are disposed of; hereafter in this Article, referred to as "ratio of stocks disposed of during the relevant year") in cases falling under Article 97-8 (2) 1 of the Act, is less than 50/100: The advance depreciation provision recognized for each in-kind investment × Ratio of stocks disposed of during the relevant year;

2. Where the cumulative ratio of stocks disposed of during the relevant year out of stocks acquired as the price for each in-kind investment in cases falling under Article 97-8 (2) 1 of the Act: The full amount of the advance depreciation provision recognized under paragraph (1) (an amount already included in gross income in accordance with subparagraph 1 shall be excluded);

3. In cases falling under Article 97-8 (2) 2 of the Act: The full amount of the advance depreciation provision recognized in accordance with paragraph (1) (an amount already included in gross income in accordance with subparagraph 1 shall be excluded).

(5) "Amount equivalent to interest calculated as prescribed by Presidential Decree" in Article 97-8 (3) of the Act, means the amount calculated by multiplying the difference incurred in corporate income tax by excluding the amount that shall be included in gross income in the business year in which an in-kind investment is made from gross income, by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the day following the end of the business year in which the in-kind investment is made, until the end of the business year in which the amount that shall be included in gross income under paragraph (4) 3 is included in gross income;

2. 3/10,000 per day.

(6) A domestic corporation that wishes to be eligible under Article 97-8 (1) of the Act, shall file a statement of investment in kind and an application for special taxation on investment in kind, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return.

(7) Where a domestic corporation is accorded special taxation under Article 97 - 8 (1) of the Act, the relevant publicly - offering real estate investment company shall file a list of stockholders with the head of the tax office having jurisdiction over the place of tax payment, by the end of each quarter.

[This Article Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017]

Article 98 (Special Taxation for Unsold Housing Units)(1) "Unsold national housing unit prescribed by Presidential Decree" in the main sentence of Article 98 (1) of the Act, means a housing unit not exceeding the size of national housing, which is located in an area outside of the Seoul Metropolitan City and meets each of the following requirements: <Amended by Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26763, Dec. 28, 2015 >

1. A housing unit built according to a project plan approved under the Housing Act (excluding private rental housing defined in Article 2 of the Special Act on Private Rental Housing and public rental housing defined in subparagraph 1 (a) of Article 2 of the Special Act on Public Housing; hereafter in this Article, the same shall apply) and identified as an unsold unit as at October 31, 1995 by the head of the Si/Gun/Gu having jurisdiction over the location of such housing unit;
2. A housing unit first sold by a housing builder, in which no one has ever resided after the completion of its construction.

(2) Where a resident transfers any of his/her houses, other than an unsold housing unit specified under paragraph (1), that he/she acquired during the period between November 1, 1995 and December 31, 1997 (including where he/she concluded a sale and purchase agreement and paid the down payment by no later than December 31, 1997), Article 89 (1) 3 of the Income Tax Act shall apply only on the basis of such houses, other than the unsold housing unit. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014 >

(3) Article 95 (4) of the Income Tax Act shall apply mutatis mutandis to calculating the holding period under Article 98 (1) of the Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

(4) Any person who intends to apply for special taxation pursuant to Article 98 (1) of the Act, shall file an application of special taxation for unsold housing unit, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the following documents, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her final tax return for the taxable year in which the relevant housing unit is transferred (including a preliminary return, if he/she chooses the method provided for in Article 98 (1) 1 of the Act): <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 20720, Feb. 29, 2008 >

1. A copy of a note verifying that the relevant housing is an unsold housing unit, which is issued by the head of the relevant Si/Gun/Gu;
2. A copy of a sale and purchase agreement (limited to an unsold housing unit, the acquisition of which was registered on or after January 1, 1998), if he/she acquires an unsold housing unit.

(5) "Unsold national housing unit prescribed by Presidential Decree" in Article 98 (3) of the Act, means a housing unit not exceeding the size of national housing, that is located in an area outside of the Seoul Metropolitan City, and meets each of the following requirements: <Amended by Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010 >

1. A housing unit built according to the project plan approved under the Housing Act and identified as an unsold unit as at February 28, 1998 by the head of the Si/Gun/Gu having jurisdiction over the location of such housing unit;
2. A housing unit first sold by a housing builder, in which no one has ever resided after the completion of its construction.

(6) Where a resident transfers any of his/her houses, other than an unsold housing unit specified under paragraph (5), that he/she acquired during the period between March 1, 1998 and December 31, 1998 (including where he/she concluded a sale and purchase agreement and paid the down payment by no later than December 31, 1998), Article 89 (1) 3 of the Income Tax Act shall apply only on the basis of such houses, other than the unsold housing unit. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014 >

(7) Paragraphs (3) and (4) shall apply mutatis mutandis to filing an application for special taxation, and calculating the holding period of an unsold housing unit under

Article 98 (3) of the Act.

Article 98 - 2 (Special Taxation on Capital Gains Tax for Acquisition of Unsold Local

Housing Units)(1) "Unsold housing unit prescribed by Presidential Decree" in Article 98 - 2 (1) of the Act, means any of the following houses (hereafter in this Article, referred to as "unsold housing unit"): <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

1. A house supplied by a project operator under Article 54 of the Housing Act (hereafter in this Article, referred to as "project operator") pursuant to the same Article on a first - come, first - served basis, on or after November 3, 2008 because no sale and purchase agreement was concluded by November 2, 2008 in a housing complex for which the prearranged contract date specified in the announcement for inviting purchasers elapsed;

2. A house (limited to a house for which the prearranged contract date specified in the announcement for inviting purchasers has not elapsed as of November 3, 2008) supplied by a project operator, which obtained approval of its project plan (including a building permit required under Article 11 of the Building Act; hereafter in this Article, the same shall apply) or applied for approval of its project plan under Article 15 of the Housing Act by November 3, 2008, in accordance with the approved project plan and Article 54 of the Housing Act, and acquired by a resident upon first signing a sale and purchase agreement with the project operator.

(2) A person who intends to be accorded special taxation as prescribed in Article 98 - 2 of the Act, shall submit a copy of the sale and purchase agreement bearing a seal of the head of a Si/Gun/Gu (the head of a Gu means the head of an autonomous Gu; hereafter in this Article, the same shall apply), which certifies that the relevant house is an unsold housing unit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her final tax return (including corporate tax return) or preliminary tax return for the taxable year in which the relevant house is transferred: Provided, That this shall not apply where the person submits the following documents:

1. A house provided for in paragraph (1) 1: A statement certified by the head of a Si/Gun/Gu that the house is an unsold housing unit and a copy of a sale and

purchase agreement;

2. A house provided for in paragraph (1) 2: A document certified by the head of a Si/Gun/Gu confirming the fact that the business plan has been approved or an application for approval of the relevant project plan has been filed, and a copy of a sale and purchase agreement.

(3) Where the head of the tax office having jurisdiction over the location of the house can confirm that the relevant house is an unsold housing unit as prescribed in paragraph (6), the evidentiary documents specified in paragraph (2) need not be submitted.

(4) Immediately upon signing a sale and purchase agreement of an unsold housing unit provided for in paragraph (1), a project operator shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of a Si/Gun/Gu certifying that the house is an unsold housing unit, and shall deliver one copy thereof to the other party to the sale and purchase agreement.

(5) Upon receipt of a request to place a seal certifying an unsold housing unit on a sale and purchase agreement pursuant to paragraph (6), the head of a Si/Gun/Gu shall verify whether the relevant house remains unsold based on the statement certifying that the house is an unsold housing unit and an application for approval of the relevant project plan, etc.; place his/her seal certifying the fact on the sale and purchase agreement; and enter and keep the relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(6) The head of a Si/Gun/Gu and a project operator shall submit the Unsold Housing Units Register, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, respectively, to the head of tax office having jurisdiction over the location of the housing units, by the end of February of the year following the year in which the sale and purchase agreements are signed, in an electronic form using a data processing system, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media"): Provided, That there is no change in the reported content from the year following the year in which the Register is first submitted, it need not be submitted.

(7) Upon receipt of data stored on the electronic media under paragraph (6), the head of the tax office having jurisdiction over the locations of unsold housing units shall keep and maintain the data.

(8) Procedures for verifying unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009]

Article 98 - 3 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing

Units)(1) "Unsold housing unit prescribed by Presidential Decree" in the former part of Article 98 - 3 (1) of the Act, means any of the following houses (hereafter in this Article, referred to as "unsold housing unit"): Provided, That, in cases of an area within the over - concentration control region of the Seoul Metropolitan area, such unsold housing unit means a house built on a site not exceeding 660 square meters and with a total floor area not exceeding 149 square meters (or with an area for exclusive use not exceeding 149 square meters in cases of multi - family housing): <Amended by Presidential Decree No. 21747, Sep. 29, 2009; Presidential Decree No. 26369, Jun. 30, 2015; Presidential Decree No. 27444, Aug. 11, 2016>

1. A house supplied by a project operator under Article 54 of the Housing Act (hereafter in this paragraph, referred to as "project operator") pursuant to the same Article on a first - come, first - served basis, on or after February 12, 2009, because no sale and purchase agreement was concluded by February 11, 2009 in a housing complex for which the prearranged contract date specified in the announcement for inviting purchasers elapsed;
2. A house (limited to a house for which the prearranged contract date specified in the announcement for inviting purchasers falls on or after February 12, 2009) supplied by a project operator in accordance with the relevant project plan approved under Article 15 of the Housing Act (including a building permit required under Article 11 of the Building Act; hereafter in this Article, the same shall apply) and Article 54 of the Housing Act;
3. A house (including a house, the sale and purchase agreement of which, was not concluded by February 11, 2009) supplied by a housing builder (referring to a person who supplies housing that consists of less than 20 units, but excluding the project operators referred to in subparagraphs 1 and 2);

4. A house supplied by the Korea Housing and Urban Guarantee Corporation established under the Housing and Urban Fund Act (hereafter in this Article, referred to as the "Korea Housing and Urban Guarantee Corporation") after having acquired as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the same Act;
5. A house supplied by its constructor after having received it as a payment for construction work;
6. A house supplied by a corporate restructuring real estate investment trust, etc. after having acquired it as prescribed in Article 92 - 2 (2) 1 - 5 of the Enforcement Decree of the Corporate Tax Act;
7. A house (limited to a house, the sale and purchase agreement of which, was not concluded by February 11, 2009) constructed by an owner of a building who constructs and supplies facilities other than a house and a house as the same building with a building permit granted under Article 11 of the Building Act before March 30, 2004, which is supplied by such owner;
8. A house supplied by a trust business entity under the Financial Investment Services and Capital Markets Act after having acquired as prescribed in Article 92 - 2 (2) 1 - 7 of the Enforcement Decree of the Corporate Tax Act.

(2) The following houses shall be disregarded for the purposes of paragraph (1):
<Amended by Presidential Decree No. 21747, Sep. 29, 2009; Presidential Decree No. 26369, Jun. 30, 2015>

1. A house that has ever been occupied as at the date a sale and purchase agreement is signed;
2. A house acquired by a party to a sale and purchase agreement or his/her spouse (including lineal ascendants, descendants, and siblings of the party to a sale and purchase agreement or his/her spouse) by re - concluding a sale and purchase agreement of such house for which such party to a sale and purchase agreement had concluded a sale and purchase agreement with a project operator (including a housing builder referred to in paragraph (1) 3, the Korea Housing and Urban Guarantee Corporation referred to in paragraph (1) 4, a constructor referred to in paragraph (1) 5, a corporate restructuring real estate investment trust, etc. referred to in paragraph (1) 6, an owner of a building referred to in paragraph (1) 7, and a trust business entity referred to in paragraph (1) 8; hereafter in

subparagraph 3 and paragraphs (6), (8), and (10), the same shall apply), and cancelled such agreement during the period between February 12, 2009 and February 11, 2010 (hereafter in this Article, referred to as "acquisition period of an unsold housing unit");

3. A house acquired by concluding a sale and purchase agreement for another house with a project operator in lieu of a house of which original sale and purchase agreement was concluded with the project operator during the acquisition period of an unsold housing unit.

(3) For the purposes of Article 98 - 3 (1) of the Act, the amount of capital gains accrued for five years from the date of purchase of an unsold housing unit, shall be calculated by applying mutatis mutandis Article 40 (1). <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

(4) Whether an unsold housing unit is located within the over - concentration control region of the Seoul Metropolitan area for the purposes of Article 98 - 3 (1) of the Act, shall be determined as at the date a sale and purchase agreement is signed.

(5) A person who intends to be accorded special taxation as prescribed in Article 98 - 3 of the Act, shall submit a copy of the sale and purchase agreement bearing a seal of the head of a Si/Gun/Gu (the head of a Gu means the head of an autonomous Gu; hereafter in this Article, the same shall apply), which certifies that the relevant house is an unsold housing unit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her preliminary or final tax return on the capital gains from the relevant house: Provided, That, in cases of a housing unit referred to in Article 98 - 3 (2) of the Act, a person shall submit a copy of the commencement report of construction submitted to the head of a Si/Gun/Gu, and documents confirming that the housing unit has passed pre - use inspections or has approved for use (including approval for temporary use).

(6) A project operator shall submit a report on the status of unsold housing units prescribed by Ordinance of the Ministry of Strategy and Finance (limited to housing units, the sale agreements of which were not concluded by February 11, 2009) to the head of a Si/Gun/Gu by April 30, 2009: Provided, That the project operator shall submit a report on the status of unsold housing units provided for in paragraph (1) 2, 3 (limited to housing units supplied as of February 12, 2009), 4, 5 (limited to

housing units received as payments in substitutes as of February 12, 2009), 6, and 8, within one month from the end of the month in which a purchaser first concluded a sale and purchase agreement with the project operator (based on the first-concluded sale and purchase agreement where multiple sale and purchase agreements exist). <Amended by Presidential Decree No. 21747, Sep. 29, 2009>

(7) The head of a Si/Gun/Gu shall keep the reports on the status of unsold housing units submitted under paragraph (6), and submit such reports to the head of the tax office having jurisdiction over the location of the unsold housing units within one month from the end of the quarter in which the date of submission falls.

(8) Immediately upon signing a sale and purchase agreement of an unsold housing unit provided for in paragraph (1), a project operator shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of a Si/Gun/Gu certifying that the house is an unsold housing unit; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(9) Upon receipt of a request to place a seal certifying an unsold housing unit on the sale and purchase agreement pursuant to paragraph (8), the head of a Si/Gun/Gu shall verify whether the relevant house remains unsold based on the report on the status of unsold housing units submitted under paragraph (7), an application for approval of the relevant project plan, etc.; place his/her seal in the form prescribed by Ordinance of the Ministry of Strategy and Finance on the sale and purchase agreement certifying the relevant house is an unsold housing unit; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(10) The head of a Si/Gun/Gu and a project operator shall submit the Unsold Housing Units Register, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, respectively, to the head of the tax office having jurisdiction over the location of the unsold housing units, by April 30, 2010 in an electronic form using a data processing device, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media").

(11) Upon receipt of data stored on the electronic media under paragraph (10), the head of the tax office having jurisdiction over the locations of unsold housing units shall keep and maintain the data.

(12) Procedures for verifying unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 21429, Apr. 21, 2009]

Article 98 - 4 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing

Units Located outside Seoul Metropolitan Area)(1) "Unsold housing unit prescribed by Presidential Decree" in the former part of Article 98 - 5 (1) of the Act, means any of the following houses (hereafter in this Article, referred to as "unsold housing unit"): <Amended by Presidential Decree No. 26369, Jun. 30, 2015; Presidential Decree No. 27444, Aug. 11, 2016>

1. A house supplied by a project operator under Article 54 of the Housing Act pursuant to the same Article on a first - come, first - served basis, because no sale and purchase agreement was concluded by February 11, 2010 in a housing complex for which the prearranged contract date specified in the announcement for inviting purchasers elapsed;
2. A house supplied by the Korea Housing and Urban Guarantee Corporation established under the Housing and Urban Fund Act (hereafter in this Article, referred to as the " Korea Housing and Urban Guarantee Corporation") after having acquired as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the same Act;
3. A house supplied by its constructor after having received it as a payment for construction work;
4. A house supplied by a corporate restructuring real estate investment trust, etc. after having acquired as prescribed in Article 92 - 2 (2) 1 - 5 or 1 - 8 of the Enforcement Decree of the Corporate Tax Act;
5. A house supplied by a trust business entity under the Financial Investment Services and Capital Markets Act after having acquired it as prescribed in Article 92 - 2 (2) 1 - 7 or 1 - 9 of the Enforcement Decree of the Corporate Tax Act.

(2) The following houses shall be disregarded for the purposes of paragraph (1):

<Amended by Presidential Decree No. 26369, Jun. 30, 2015>

1. A house that has ever been occupied as at the date a sale and purchase agreement is signed;
2. A house acquired by a party to a sale and purchase agreement or his/her spouse (including lineal ascendants, descendants, and siblings of the party to a sale and purchase agreement or his/her spouse) by re - concluding a sale and purchase agreement of such house for which such party to a sale and purchase agreement had concluded a sale and purchase agreement with a project operator, etc. (including a project operator referred to in paragraph (1) 1, the Korea Housing and Urban Guarantee Corporation referred to in paragraph (1) 2, a constructor referred to in paragraph (1) 3, a corporate restructuring real estate investment trust, etc. referred to in paragraph (1) 4, and a trust business entity referred to in paragraph (1) 5; hereafter in subparagraph 3 and paragraphs (6), (8), and (10), the same shall apply), and cancelled such contract during the period between May 14, 2010 and April 30, 2011 (hereafter in this paragraph, referred to as "acquisition period of an unsold housing unit");
3. A house acquired by concluding a sale and purchase agreement for another house with a project operator, etc. in lieu of a house of which original sale and purchase agreement was concluded with such project operator, etc. during the acquisition period of an unsold housing unit.

(3) For the purposes of Article 98 - 5 (1) of the Act, the amount of capital gains accruing for five years from the date of purchase of an unsold housing unit, shall be calculated by applying mutatis mutandis Article 40 (1).

(4) The discount rate of the selling price referred to in Article 98 - 5 (1) of the Act, shall be calculated by the following formula:

Discount rate of the selling price = $\{(\text{Selling price stated in the announcement to invite purchasers} - \text{selling price stated in the sale and purchase agreement}) \div \text{Selling price stated in the announcement to invite purchasers}\} \times 100$

(5) A person who intends to be accorded special taxation under Article 98 - 5 of the Act, shall submit a copy of the sale and purchase agreement bearing a seal of the head of the relevant Si (including the head of an administrative Si established under Article 11 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to the head of an autonomous

Gu; hereafter in this Article, the same shall apply), which certifies that the relevant house is an unsold housing unit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her preliminary or final tax return on capital gains from the relevant unsold housing unit. <Amended by Presidential Decree No. 26922, Jan. 22, 2016>

(6) A project operator, etc. shall submit a report on the status of unsold housing units prescribed by Ordinance of the Ministry of Strategy and Finance (limited to housing units, the sale agreements of which were not concluded by February 11, 2010) to the head of a Si/Gun/Gu by June 30, 2010.

(7) The head of a Si/Gun/Gu shall keep the reports on the status of unsold housing units submitted under paragraph (6), and submit such reports to the head of the tax office having jurisdiction over the location of the unsold housing units by July 30, 2010.

(8) Immediately upon signing a sale and purchase agreement of an unsold housing unit provided for in paragraph (1), a project operator, etc. shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of a Si/Gun/Gu certifying that the house is an unsold housing unit; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(9) Upon receipt of a request to place a seal certifying an unsold housing unit on the sale and purchase agreement pursuant to paragraph (8), the head of a Si/Gun/Gu shall verify whether the relevant house remains unsold based on the report on the status of unsold housing units submitted under paragraph (7), and an application for approval of the relevant project plan, etc. filed under Article 15 of the Housing Act; place his/her seal in the form prescribed by Ordinance of the Ministry of Strategy and Finance on the sale and purchase agreement certifying the relevant house is an unsold housing unit; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(10) The head of a Si/Gun/Gu, a project operator, etc. shall submit the Unsold Housing Units Register, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, respectively, to the head of the tax office having jurisdiction over the location of the unsold housing units, by June 30, 2011, in an electronic form using a data processing device, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media").

(11) Upon receipt of data stored on the electronic media under paragraph (10), the head of the tax office having jurisdiction over the locations of unsold housing units, shall keep and maintain the data.

(12) Procedures for verifying unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 22181, Jun. 8, 2010]

Article 98 - 5 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)

(1) "Project operator prescribed by Presidential Decree" in Article 98 - 6 (1) 1 of the Act, means any of the following: <Amended by Presidential Decree No. 26369, Jun. 30, 2015 >

1. The Korea Housing and Urban Guarantee Corporation that has purchased houses as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the Housing and Urban Fund Act;
2. A constructor who has received a house as a payment for construction work;
3. A corporate restructuring real estate investment trust, etc. that has acquired houses as prescribed in Article 92 - 2 (2) 1 - 5, 1 - 8, or 1 - 10 of the Enforcement Decree of the Corporate Tax Act;
4. A trust business entity under the Financial Investment Services and Capital Markets Act that has acquired houses as prescribed in Article 92 - 2 (2) 1 - 7, 1 - 9, or 1 - 11 of the Enforcement Decree of the Corporate Tax Act.

(2) "Completed but unsold housing unit prescribed by Presidential Decree" in Article 98 - 6 (1) 1 of the Act, means a housing unit (hereafter in this Article, referred to as "completed but unsold housing unit") supplied under Article 54 of the Housing Act on a first - come, first - served basis, because no sale and purchase agreement was concluded by March 29, 2011 after it had passed the pre - use inspections under Article 49 of the same Act (including approval for temporary use) or had been

approved for use under Article 22 of the Building Act (including where the use of a building is permitted pursuant to any subparagraph of Article 22 (3)): Provided, That this shall not apply to a house, if the total standard market price of the house and the land appurtenant thereto, exceeds 600 million won as at the time of its acquisition (as at the time of the first lease in cases of a house referred to in Article 98 - 6 (1) 1 of the Act), and its total floor area (or an area for exclusive use in cases of multi-family housing), exceeds 149 square meters. <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(3) The following houses shall be disregarded for the purposes of the main sentence of paragraph (2): <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

1. A house that has ever been occupied by any tenant after completion;
2. A house that has been acquired during the period between March 29, 2011 and December 31, 2011, by a party to a sale and purchase agreement or his/her spouse (including lineal ascendants, descendants, and siblings of the party to a sale and purchase agreement or his/her spouse) by re-concluding a sale and purchase agreement of the house for which such party had concluded an original sale and purchase agreement with a project operator, etc. (referring to any project operator that supplies houses under Article 54 of the Housing Act and any of the business operators specified under paragraph (1); hereafter in this Article, the same shall apply) and rescinded the original sale and purchase agreement;
3. A house that has been acquired by concluding a sale and purchase agreement with the relevant project operator, etc. during the period between March 29, 2011 and December 31, 2011 in lieu of a house for which a sale and purchase agreement had been concluded.

(4) For the purposes of Article 98 - 6 (1) of the Act, the amount of capital gains accruing for five years from the date of purchase of a completed but unsold housing unit, shall be calculated by applying mutatis mutandis Article 40 (1).

(5) For the purposes of Article 98 - 6 (1) of the Act, the lease period of a completed but unsold housing unit (hereafter in this Article, referred to as "lease period"), shall be calculated as follows: <Amended by Presidential Decree No. 26763, Dec. 28, 2015>

1. The lease period shall be counted from the date the lessor commences the lease after he/she has completed the business registration under Article 168 of the Income Tax Act and the registration as a rental business operator under Article 5

of the Special Act on Private Rental Housing, or after the lessor has been designated as a public housing business operator under Article 4 of the Special Act on Public Housing;

2. If the heir leases a rental house after having acquired it from the decedent through inheritance, the lease period during which the decedent leased such house shall be added to the lease period by the heir.

(6) A person who intends to be accorded special taxation pursuant to Article 98 - 6 of the Act, shall file a preliminary or final tax return on capital gains from the relevant completed but unsold housing unit, with the head of the tax office having jurisdiction over the place of tax payment, along with the following documents:
<Amended by Presidential Decree No. 26763, Dec. 28, 2015; Presidential Decree No. 26922, Jan. 22, 2016>

1. A copy of the sale and purchase agreement bearing the seal of the head of the relevant Si (including the head of an administrative Si established under Article 11 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to the head of an autonomous Gu; hereafter in this Article, the same shall apply), certifying that the relevant house is a completed but unsold housing unit, in the form prescribed by Ordinance of the Ministry of Strategy and Finance;

2. A certificate of registration of a rental business operator under Article 4 (4) of the Enforcement Decree of the Special Act on Private Rental Housing or a document certifying the designation as a public housing business operator under Article 4 of the Special Act on Public Housing;

3. A copy of the lease contract;

4. Other documents prescribed by Ordinance of the Ministry of Strategy and Finance.

(7) A project operator, etc. shall submit a report on the status of completed but unsold housing units (limited to completed but unsold housing units for which no sale and purchase agreement was concluded by March 29, 2011), in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a Si/Gun/Gu, by September 30, 2011.

(8) The head of a Si/Gun/Gu shall keep the reports on the status of completed but unsold housing units submitted under paragraph (7), and submit such reports to the

head of the tax office having jurisdiction over the locations of such housing units, by October 31, 2011.

(9) Immediately upon signing a sale and purchase agreement for a completed but unsold housing unit provided for in paragraph (2), a project operator, etc. shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of a Si/Gun/Gu certifying that the house is a completed but unsold housing unit; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Register of Completed but Unsold Housing Units in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "Housing Confirmation Register").

(10) Upon receipt of a request to place a seal certifying a completed but unsold housing unit on a sale and purchase agreement under paragraph (9), the head of a Si/Gun/Gu shall verify whether such housing unit remains unsold based on the report on the status of completed but unsold housing units submitted under paragraph (7) and an application for approval of the relevant project plan, etc. filed under Article 15 of the Housing Act; place his/her seal in the form prescribed by Ordinance of the Ministry of Strategy and Finance on the sale and purchase agreement certifying that the house is a completed but unsold housing unit; and enter and keep relevant records in the Housing Confirmation Register. <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(11) Immediately upon signing a sale and purchase agreement of a completed but unsold housing unit provided for in Article 98 - 6 (1) 1 of the Act, a project operator, etc. shall promptly provide the other party to the sale and purchase agreement with the documents necessary for proving the lease period, including a copy of the registration certificate of a rental business operator, a copy of a lease contract, a certified copy of a lessee's resident registration card, or copy of his/her resident registration certificate, as well as the sale and purchase agreement under paragraph (9); and enter and keep relevant records in the Housing Confirmation Register.

(12) The head of a Si/Gun/Gu, a project operator, etc. shall submit the Housing Confirmation Register, respectively, to the head of the tax office having jurisdiction over the locations of completed but unsold housing units by June 30, 2012, in an electronic form using a data processing device, an electronic tape, a diskette, or a

disk (hereafter in this Article, referred to as "electronic media").

(13) Upon receipt of data stored on the electronic media under paragraph (12), the head of the tax office having jurisdiction over the locations of completed but unsold housing units, shall keep and maintain the data.

(14) Procedures for verifying completed but unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 22953, Jun. 3, 2011]

Article 98 - 6 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units)

(1) "Unsold housing unit prescribed by Presidential Decree" in the former part of Article 98 - 7 (1) of the Act, means any housing unit supplied by a project operator under Article 54 of the Housing Act pursuant to the same Article, on a first - come, first - served basis, because no sale and purchase agreement was concluded by September 23, 2012 in a housing complex for which the prearranged contract date specified in the announcement for inviting purchasers elapsed.

<Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(2) The following houses shall be disregarded for the purposes of paragraph (1):

<Amended by Presidential Decree No. 27444, Aug. 11, 2016>

1. A house, the actual value traded between the project operator, etc. (referring to any project operator that supplies houses under Article 54 of the Housing Act or any of the business operators specified under paragraph (3); hereafter in this Article, the same shall apply) and the purchaser of which exceeds 900 million won. In such cases, the acquisition tax and other incidental expenses to be borne by the transferee shall be disregarded;
2. A house that has ever been occupied by any tenant as at the date the sale and purchase agreement is signed;
3. A house, the sale and purchase agreement of which concluded with the project operator, etc. as at September 23, 2012 was terminated during the period between September 24, 2012 and December 31, 2012 (hereafter in this paragraph, referred to as "acquisition period of an unsold housing unit");
4. An unsold housing unit acquired by any person who has terminated a sale and purchase agreement as referred to in subparagraph 3 by entering into a contract

with the project operator, etc. during the acquisition period of an unsold housing unit, or an unsold housing unit acquired by the spouse of such person (including lineal ascendants and descendants (including their spouses), and siblings of the person who entered into a sale and purchase agreement or his/her spouse) by entering into a contract with the project operator, etc. with whom the original sale and purchase agreement was concluded during the acquisition period of an unsold housing unit.

(3) "Project operator prescribed by Presidential Decree" in the former part of Article 98 - 7 (1) of the Act, means any of the following: <Amended by Presidential Decree No. 26369, Jun. 30, 2015>

1. The Korea Housing and Urban Guarantee Corporation that has purchased houses as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the Housing and Urban Fund Act;
2. A housing constructor who has received the relevant house as a payment for construction work;
3. A corporate restructuring real estate investment trust, etc. that has acquired houses as prescribed in Article 92 - 2 (2) 1 - 5, 1 - 8, or 1 - 10 of the Enforcement Decree of the Corporate Tax Act;
4. A trust business entity under the Financial Investment Services and Capital Markets Act that has acquired houses as prescribed in Article 92 - 2 (2) 1 - 7, 1 - 9, or 1 - 11 of the Enforcement Decree of the Corporate Tax Act;

(4) For the purposes of the former part of Article 98 - 7 (1) of the Act, the amount of capital gains accruing for five years from the date of purchase of an unsold housing unit, shall be calculated by applying mutatis mutandis Article 40 (1).

(5) A person who intends to be accorded special taxation under Article 98 - 7 of the Act, shall file a preliminary or final tax return on capital gains from the relevant unsold housing unit, with the head of the tax office having jurisdiction over the place of tax payment, along with a copy of the sale and purchase agreement delivered by the project operator, etc. pursuant to paragraph (8).

(6) A project operator, etc. shall submit a report on the status of unsold housing units, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the relevant Si (including the Special Self - Governing City Mayor and the head of an administrative Si established under Article 11 (2) of the Special Act on

the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to an autonomous Gu; hereafter in this Article, the same shall apply) by November 30, 2012. <Amended by Presidential Decree No. 26922, Jan. 22, 2016>

(7) The head of a Si/Gun/Gu shall keep the reports on the status of unsold housing units submitted under paragraph (6), and submit such reports to the head of the tax office having jurisdiction over the locations of such housing units, by December 31, 2012.

(8) Immediately upon signing a sale and purchase agreement for an unsold housing unit provided for in paragraph (1), a project operator, etc. shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of the relevant Si/Gun/Gu to certify that the house is an unsold housing unit; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(9) Upon receipt of a request to place a seal certifying an unsold housing unit on a sale and purchase agreement pursuant to paragraph (8), the head of a Si/Gun/Gu shall verify whether such housing unit remains unsold based on the report on the status of unsold housing units under paragraph (7) and an application for approval of the relevant project plan, etc. filed under Article 15 of the Housing Act; place his/her seal in the form prescribed by Ordinance of the Ministry of Strategy and Finance on the sale and purchase agreement certifying that it is an unsold housing unit; and enter and keep relevant records in the Unsold Housing Units Register in the form prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(10) The head of a Si/Gun/Gu, a project operator, etc. shall submit the Unsold Housing Units Register, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, respectively, to the head of the tax office having jurisdiction of the locations of such unsold housing units, by March 31, 2013, in an electronic form using a data - processing system, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media").

(11) Upon receipt of data stored on the electronic media under paragraph (10), the head of the tax office having jurisdiction of the locations of unsold housing units, shall keep and maintain the data.

(12) Procedure for verifying unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 24141, Oct. 15, 2012]

Article 98 - 7 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)(1) “ Completed but unsold housing unit prescribed by Presidential Decree ” in the former part of Article 98 - 8 (1) of the Act, means any

house that meets each of the following conditions (hereafter in this Article, referred to as "completed but unsold housing unit"): <Amended by Presidential Decree No. 27444, Aug. 11, 2016 >

1. The house shall be supplied under Article 54 of the Housing Act, but no sale and purchase agreement of which was concluded by December 31, 2014 after it had passed pre - use inspections under Article 49 of the same Act (including approval for temporary use) or has been approved for use under Article 22 of the Building Act (including where the building may be used under any subparagraph of Article 22 (3) of the same Act);

2. It shall be supplied on a first - come, first - served basis as of January 1, 2015.

(2) The following houses shall be disregarded for the purposes of paragraph (1): <Amended by Presidential Decree No. 27444, Aug. 11, 2016 >

1. A house, the actual value traded between the project operator, etc. (referring to any project operator that supplies houses under Article 54 of the Housing Act or any of the business operators specified under paragraph (3); hereafter in this Article, the same shall apply) and the purchaser of which exceeds 600 million won, or a house whose total floor area (referring to an area for exclusive use, in cases of multi - family housing) exceeds 135 square meters. In such cases, acquisition tax and other incidental expenses to be borne by the transferee shall be disregarded;

2. A house, the sale and purchase agreement of which concluded with the project operator, etc. on or before December 31, 2014 was terminated on or after January 1, 2015;

3. A completed but unsold housing unit acquired by a person who cancelled a sale and purchase agreement under subparagraph 2 under a new agreement made during the period between January 1, 2015 and December 31, 2015, or a completed but unsold housing unit acquired by the spouse of the person who made an initial sale and purchase agreement (including lineal ascendants and descendents (including their spouses) and siblings of such person who made such agreement, or of his/her spouse) under another agreement made with the project operator, etc. with whom the initial agreement was made during the period between January 1, 2015 and December 31, 2015.

(3) "Person prescribed by Presidential Decree" in the former part of Article 98 - 8 (1) of the Act, means any of the following:<Amended by Presidential Decree No. 26369, Jun. 30, 2015>

1. The Korea Housing and Urban Guarantee Corporation that has purchased houses as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the Housing and Urban Fund Act;

2. A housing constructor that has received the relevant house as a payment for the construction work of the house;

3. A corporate restructuring real estate investment trust, etc. that acquires a house as prescribed in Article 92 - 2 (2) 1 - 5, 1 - 8, or 1 - 10 of the Enforcement Decree of the Corporate Tax;

4. A trust business entity under the Financial Investment Services and Capital Markets Act that acquires a house as prescribed in Article 92 - 2(2) 1 - 7, 1 - 9, or 1 - 11 of the Enforcement Decree of the Corporate Tax Act .

(4) For the purposes of Article 98 - 8 (1) of the Act, the amount of capital gains accruing for five years from the date of purchase of a completed but unsold housing unit, shall be calculated by applying mutatis mutandis Article 40 (1).

(5) For the purposes of Article 98 - 8 (1) of the Act, the period of leasing (hereafter in this Article, referred to as "lease period") a completed but unsold housing unit, shall be calculated by applying mutatis mutandis Article 98 - 5 (5).

(6) A project operator, etc. shall submit a report on the status of completed but unsold housing units (limited to unsold housing units for which no sale and purchase agreement was made by December 31, 2014), in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the relevant Si (including the

head of an administrative Si established under Article 11 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (the head of a Gu means the head of an autonomous Gu; hereafter in this Article, the same shall apply), by April 30, 2015. <Amended by Presidential Decree No. 26922, Jan. 22, 2016 >

(7) The head of each Si/Gun/Gu shall keep the reports on completed but unsold housing units submitted under paragraph (6), and shall submit such reports to the head of the tax office having jurisdiction over the location of such completed but unsold housing units, by December 31, 2015.

(8) A person who intends to be accorded special taxation under Article 98 - 8 of the Act, shall file a preliminary or final tax return on capital gains from the relevant completed but unsold housing unit, with the head of the tax office having jurisdiction over the place of tax payment, along with the following documents: <Amended by Presidential Decree No. 26763, Dec. 28, 2015 >

1. A copy of the sale and purchase agreement bearing the seal of the head of the Si/Gun/Gu having jurisdiction over the location of the completed but unsold housing unit, certifying that the relevant house is a completed but unsold housing unit under paragraph (9), in the form prescribed by Ordinance of the Ministry of Strategy and Finance;
2. A copy of the certificate of registration as a rental business operator under Article 4 (4) of the Enforcement Decree of the Special Act on Private Rental Housing, or a document certifying that the person has been designated as a public housing business operator under Article 4 of the Special Act on Public Housing;
3. A copy of the lease agreement;
4. Other documents prescribed by Ordinance of the Ministry of Strategy and Finance.

(9) Immediately upon signing a sale and purchase agreement of a completed but unsold housing unit, the project operator, etc. shall the purchase and sale agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of the relevant Si/Gun/Gu certifying that the house is a completed but unsold housing unit; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Register of Completed but Unsold Housing Units (hereafter in this Article, referred

to as "Housing Confirmation Register") in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(10) Upon receipt of a request to place a seal on a sale and purchase agreement to certify a completed but unsold housing unit under paragraph (9), the head of a Si/Gun/Gun shall verify whether such housing unit remains unsold, based on the report on the status of completed but unsold housing units submitted under paragraph (6) and an application for approval of the relevant project plan, etc. filed under Article 15 of the Housing Act; place his/her seal on the relevant sale and purchase agreement to certify that the house is a completed but unsold housing unit, in the form prescribed by Ordinance of the Ministry of Strategy and Finance; and enter and keep relevant records in the Housing Confirmation Register. <Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(11) Immediately upon signing a sale and purchase agreement of a completed but unsold housing unit under Article 98 - 8 (1) of the Act, the relevant project operator, etc. shall deliver a copy of the certificate of registration of a rental business operator, a copy of the lease agreement, a certified transcript of the tenant's resident registration card, or a copy of the tenant's resident registration certificate, and other documents necessary for evidencing the lease period to the purchaser, as well as the sale and purchase agreement under paragraph (9), and enter and keep relevant records in the Housing Confirmation Register.

(12) The head of a Si/Gun/Gu, a project operator, etc. shall submit the Housing Confirmation Register, respectively, to the head of the tax office having jurisdiction over the locations of completed but unsold housing units, by February 28, 2016, in an electronic form using a data processing device, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media").

(13) Upon receipt of data stored on electronic media under paragraph (12), the head of the tax office having jurisdiction over the locations of completed but unsold housing units, shall keep and maintain the data.

(14) Procedures and methods for verifying completed but unsold housing units, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 99 (Reduction or Exemption of Capital Gains Tax for Purchasers of Newly - Built Houses)

(1) Capital gains deductible from capital gains taxable income under Article 99 (1) of the Act (hereafter in this Article, referred to as “ capital gains eligible for reduction or exemption ”), shall be calculated as follows. In such cases, the standard market price publicly notified for the immediately preceding period shall apply, if a new standard market price has not been publicly notified: <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27127, May 10, 2016; Presidential Decree No. 28009, May 8, 2017 >

1. Where a house is transferred within five years from the date of acquisition, the capital gains eligible for reduction or exemption shall be calculated pursuant to Article 95 (1) of the Income Tax Act: Provided, That the capital gains eligible for reduction or exemption shall be calculated by the following formula in cases of a newly - built house specified under Article 98 - 3 (2) of the Act, acquired by redeveloping or rebuilding a house prior to redevelopment or reconstruction (hereafter in this Article, referred to as "existing house"):

Capital gains calculated pursuant to Article 95 (1) of the Income Tax Act × {(Standard market price at the time of transfer - Standard market price at the time of acquisition of the newly - built house) ÷ (Standard market price at the time of transfer - Standard market price at the time of acquisition of the existing house)}

2. Where a house is sold five years after the date of acquisition, the capital gains eligible for reduction or exemption shall be calculated by the following formula:

Capital gains calculated pursuant to Article 95 (1) of the Income Tax Act × {(Standard market price on the fifth anniversary from the date of acquisition of the newly - built house - Standard market price at the time of acquisition of the newly - built house) ÷ (Standard market price at the time of transfer - (Standard market price at the time of acquisition of the newly - built house (or standard market price at the time of acquisition of the existing house, in cases of a newly - built house specified under Article 98 - 3 (2) of the Act, acquired by redeveloping or rebuilding the existing house)))}

(2) "House eligible under circumstances prescribed by Presidential Decree" in the proviso to Article 99 (1) 2 of the Act, means any house acquired by a party to a contract for purchase of a housing unit or his/her spouse (including the lineal ascendants, descendants, and siblings of the party to the contract for purchase of a

housing unit or his/her spouse) by renewing a sale and purchase agreement initially concluded, after the party to such contract who has concluded it with the housing builder, on or before May 21, 1998, has terminated the relevant contract, or any house acquired upon concluding a contract for purchase of a housing unit, in lieu of a housing unit contracted for purchase with the relevant housing builder: Provided, That any houses eligible under circumstances prescribed by Ordinance of the Ministry of Strategy and Finance, shall be excluded herefrom. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(3) "House prescribed by Presidential Decree" in Article 99 (1) 2 of the Act, means any of the following houses: <Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18044, Jun. 30, 2003; Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

1. A house that is remaining (hereafter in this Article, referred to as "remaining house") after a housing association established under the Housing Act or a rearrangement project association established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (hereafter in this Article, referred to as "housing association, etc.") has supplied to its members, and is acquired by a person who has concluded a sale and purchase agreement directly with the housing association, etc. upon making a down payment within the acquisition period of a newly - built house under Article 99 (1) 1 of the Act (hereafter in this Article, referred to as "acquisition period of a newly - built house");

2. A house that has been approved for use or has passed pre - use inspection after the expiry of the acquisition period of a newly - built house and is acquired by a member of the housing association, etc.: Provided, That the foregoing shall only apply where the housing association, etc. has ever concluded a sale and purchase agreement (based on the first - concluded sale and purchase agreement, if multiple sale and purchase agreements exist) of a remaining house directly with any person other than its members, and received a down payment within the acquisition period of a newly - built house.

(4) Any person who intends to apply for a reduction or exemption of capital gains tax pursuant to Article 99 (3) of the Act, shall file an application for tax reduction or

exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, and the following documents, with the head of the tax office having jurisdiction over his/her place of tax payment, along with his/her final tax return for the taxable year in which the relevant real estate is transferred. In such cases, the head of a tax office having jurisdiction over the place of tax payment shall verify the building register of the relevant house by matching it against administrative information available for sharing under Article 36 (1) of the Electronic Government Act (excluding subparagraph 3). <Amended by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22467, Nov. 2, 2010>

1. In cases of a house referred to in Article 99 (1) 1 of the Act: A document attesting the date of approval for use or date of pre - use inspections (including the date of approval for temporary use);
2. In cases of a house referred to in paragraph (3) 2:
 - (a) A document attesting that the housing association, etc. has received a down payment after concluding a sale and purchase agreement of a remaining house directly with any person other than its members within the acquisition period of a newly - built house;
 - (b) The documents referred to in subparagraph 1;
3. In cases of other houses:
 - (a) A sale and purchase agreement of a house at the time of acquisition;
 - (b) A document attesting that a down payment has been made.

Article 99 - 2 (Special Taxation for Capital Gains on Purchasers of Newly - Built Houses, etc.)(1) "Newly - built house or an unsold housing unit prescribed by Presidential Decree" in the former part of Article 99 - 2 (1) of the Act, means any of the following houses (hereafter in this Article, referred to as "newly - built house, etc."):

<Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26369, Jun. 30, 2015; Presidential Decree No. 27444, Aug. 11, 2016>

1. A house supplied by a project operator under Article 54 of the Housing Act (hereafter in this paragraph, referred to as "project operator") pursuant to the same Article, on a first - come, first - served basis, on or after April 1, 2013 because no sale and purchase agreement was concluded by March 31, 2013 in a housing complex for which the prearranged contract date specified in the

announcement for inviting purchasers elapsed;

2. A house (limited to a house for which the prearranged contract date specified in the announcement for inviting purchasers falls on or after April 1, 2013) supplied by a project operator pursuant to the relevant project plan approved under Article 15 of the Housing Act (including a building permit required under Article 11 of the Housing Act; hereafter in this Article, the same shall apply) and Article 54 of the Housing Act;
3. A house (referring to housing built pursuant to the Housing Act; hereafter in subparagraphs 4 through 8, the same shall apply) supplied by a housing builder (referring to a person who supplies housing that consists of less than 30 units, and excluding the project operators referred to in subparagraphs 1 and 2);
4. A house the Korea Housing and Urban Guarantee Corporation established under the Housing and Urban Fund Act (hereafter in this Article, referred to as the "Korea Housing and Urban Guarantee Corporation") supplies after having purchased as prescribed in Article 22 (1) 1 (a) of the Enforcement Decree of the same Act;
5. A house supplied by its constructor after having received it as a payment for construction work;
6. A house supplied by a corporate restructuring real estate investment trust, etc. after having acquired it as prescribed in Article 92 - 2 (2) 1 - 5, 1 - 8, or 1 - 10 of the Enforcement Decree of the Corporate Tax Act;
7. A house supplied by a trust business entity under the Financial Investment Services and Capital Markets Act after having acquired it as prescribed in Article 92 - 2 (2) 1 - 7, 1 - 9, or 1 - 11 of the Enforcement Decree of the Corporate Tax Act;
8. A house built by a person himself/herself, which was approved for use or passed pre - use inspections (including approval for temporary use) during the period between April 1, 2013 and December 31, 2013 (hereafter in this Article, referred to as "acquisition period for special taxation"): Provided, That the following houses shall be excluded herefrom:
 - (a) A house acquired by a member of a rearrangement project association performing a housing redevelopment project or housing reconstruction project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling

Conditions for Residents pursuant to the relevant management and disposal plan;
(b) A house demolished and then rebuilt after being lost by fire, collapsing, being wear - out, etc. while occupied or owned;

9. An officetel supplied (including where an officetel is supplied under a private contract because no sale and purchase agreement was concluded by March 31, 2013 for which the prearranged contract date specified in the announcement for inviting purchases elapsed) by a seller of buildings in units under Article 6 of the Act on Sale of Building Units with a building permit granted under Article 11 of the Building Act or an officetel supplied after having been approved for use under Article 22 of the Building Act (including officetels supplied by any of the methods prescribed in subparagraphs 4 through 8), among officetels defined in subparagraph 4 of Article 4 of the Enforcement Decree of the Housing Act (hereafter in this Article, referred to as "officetel").

(2) The following newly - built houses, etc. shall be disregarded for the purposes of paragraph (1): <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26763, Dec. 28, 2015>

1. A newly - built house, etc., the actual value traded between any project operator, etc. referred to in paragraph (6) 1 (hereafter in this Article, referred to as "project operator, etc.") and the purchaser of which exceeds 600 million won, and the total floor area (referring to an area for exclusive use in cases of multi - family housing or an officetel) of which exceeds 85 square meters. In such cases, the acquisition tax and other incidental expenses to be borne by the purchaser, shall be disregarded;
2. A newly - built house, etc., a sale and purchase agreement of which was concluded with a project operator, etc. by March 31, 2013 and was cancelled during the acquisition period for special taxation;
3. A newly - built house, etc. acquired by a party who has cancelled a sale and purchase agreement referred to in subparagraph 2 during the acquisition period for special taxation or a newly - built house, etc. acquired by his/her spouse (including his/her or his/her spouse ' s lineal ascendants and descendants (including their spouses) and siblings) after concluding a sale and purchase agreement with the project operator, etc. with whom he/she has concluded the original sale and purchase agreement during the acquisition period for special taxation;

4. An officetel described in paragraph (1) 9, if the person who has purchased the officetel no longer falls under each of the following cases:

(a) Where the domicile of the purchaser or lessee is registered under the Resident Registration Act at the address of that officetel for a period from the date 60 days elapse from the date of acquisition, until the date of transfer. In such cases, a former lessee shall be deemed registered at such address for a period not exceeding six months from the move - out date of the former lessee to the date the purchaser or a new lessee registers his/her domicile at the address of the relevant officetel;

(b) Where the officetel has been purchased by a public housing business operator under Article 4 of the Special Act on Public Housing or a rental business operator under Article 5 of the Special Act on Private Rental Housing (including where a person is registered as a rental business operator under Article 5 of the Special Act on Private Rental Housing after having purchased an officetel) and is registered as a rental house within 60 days from the date of acquisition.

(3) "One house for one household" in the former part of Article 99 - 2 (1) of the Act, means any of the following houses (including land appurtenant to the house, which does not exceed the area calculated by multiplying the area the building stands by the multiplying factor determined by area; hereafter in this Article, referred to as "existing house eligible for tax reduction or exemption"). In such cases, for the purpose of determining whether a house falls under any of the following, the house shall be deemed owned severally by the relevant individuals, if it is jointly owned by several persons, but the same shall not apply where the house is jointly owned by members of one household: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Where a household (a husband and a wife that constitute separate households shall be deemed one household; hereafter in this paragraph, referred to as "one household") registered under the Resident Registration Act as at April 1, 2013, owns one house (referring to any house built pursuant to the Housing Act; and where an officetel is owned by one household as at April 1, 2013 having domicile registered thereat, such officetel shall be deemed one house; hereafter in this paragraph, referred to as "one house") in the Republic of Korea as at the date of the sale and purchase agreement, and the period from the registration of acquisition of which to the date of the sale and purchase agreement is at least two years;

2. Where one household that owns one house happens to own two houses temporarily (including where a person who owns an officetel deemed one house under subparagraph 1 purchases another house) by purchasing another house before transferring the already owned house (hereafter in this paragraph, referred to as “ existing house ”), the existing house contracted for sale and transferred within three years from the date of acquisition (referring to the date of registration of acquisition) of another house after acquiring such another house after the lapse of at least one year from the registration date of acquisition of the existing house: Provided, That the foregoing shall be limited to any existing house, the period from the registration of acquisition of which, to the date of the sale and purchase agreement is at least two years.

(4) "Multiplying factor determined by area" in paragraph (3), means the following multiplying factors:

1. Five times in cases of land within an urban area;
2. Ten times in cases of land outside an urban area.

(5) The following existing houses eligible for tax reduction or exemption shall be disregarded for the purposes of paragraph (3):

1. An existing house eligible for tax reduction or exemption, the actual value traded between the transferor and the transferee of which exceeds 600 million won, and the total floor area (referring to an area for exclusive use in cases of multi - family housing or an officetel) of which exceeds 85 square meters. In such cases, the acquisition tax and other incidental expenses to be borne by the transferee, shall be disregarded;
2. An existing house eligible for tax reduction or exemption acquired by a person or his/her spouse (including his/her or his/her spouse ' s lineal ascendants and descendants (including their spouses) and siblings) who has cancelled the sale and purchase agreement for the same house concluded on or before March 31, 2013 during the acquisition period for special taxation, by re - concluding a contract during the acquisition period for special taxation;
3. An officetel in cases of which a person who has purchased it no longer falls under any item of paragraph (2) 4 after the acquisition thereof, among the existing houses eligible for tax reduction or exemption.

(6) "Person prescribed by Presidential Decree" in the former part of Article 99 - 2 (1) of the Act, means any of the following persons: <Amended by Presidential Decree No. 26369, Jun. 30, 2015>

1. In cases of a house provided for in paragraph (1): The project operator referred to in paragraph (1) 1 or 2, the housing builder referred to in paragraph (1) 3, the Korea Housing and Urban Guarantee Corporation referred to in paragraph (1) 4, the constructor referred to in paragraph (1) 5, the corporate restructuring real estate investment trust, etc. referred to in paragraph (1) 6, the trust business entity under paragraph (1) 7, the constructor referred to in paragraph (1) 8, or the seller of buildings in units or the building owner referred to in paragraph (1) 9;
2. In cases of a house provided for in paragraph (3): The transferor of an existing house eligible for tax reduction or exemption.

(7) For the purposes of Article 99 - 2 (1) of the Act, the amount of capital gains accruing for five years from the date of acquisition of the relevant house, shall be calculated by applying mutatis mutandis Article 40 (1).

(8) A person who intends to apply for special taxation under Article 99 - 2 of the Act, shall submit a copy of the sale and purchase agreement bearing a seal of confirmation referred to in paragraph (11) or (12), along with his/her preliminary or final tax return on the capital gains from the relevant house, to the head of the tax office having jurisdiction over the place of tax payment.

(9) A project operator, etc. shall submit a report on the status of newly - built houses, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance (limited to those for which no sale and purchase agreement was concluded by March 31, 2013), to the head of the relevant Si (including the Special Self - Governing City Mayor and the head of an administrative Si established under Article 11 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City; hereafter in this Article, the same shall apply), Gun, or Gu (referring to the head of an autonomous Gu; hereafter in this Article, the same shall apply) by June 30, 2013: Provided, That a report on the status of newly - built houses, etc. referred to in paragraph (1) 2, 3 (limited to those supplied on or after April 1, 2013), 4, 5 (limited to those received as payments in substitutes on or after April 1, 2013), 6, 7, and 9 (limited to those supplied on or after April 1, 2013), shall be submitted within one month from the end

of the month in which a sale and purchase agreement is first concluded with the project operator, etc. (such date shall be based on the first sale and purchase agreement concluded, if multiple sale and purchase agreements exist). <Amended by Presidential Decree No. 26922, Jan. 22, 2016>

(10) The head of a Si/Gun/Gu shall manage the reports on the status of newly - built houses, etc. submitted under paragraph (9), and forward such reports to the head of a tax office having jurisdiction over the locations of such houses, within one month from the end of the quarter in which such reports are submitted.

(11) Immediately upon signing a sale and purchase agreement of a newly - built house, etc., a project operator, etc. shall have the sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of the relevant Si/Gun/Gu certifying that the house is a newly - built house, etc.; deliver one copy thereof to the other party to the sale and purchase agreement; and enter and keep relevant records in the Register for Confirmation of Newly - Built Houses, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(12) The transferor of an existing house eligible for tax reduction or exemption shall have a sale and purchase agreement made in duplicate sealed, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, by the head of the relevant Si/Gun/Gu certifying that the house is an existing house eligible for tax reduction or exemption by March 31, 2014; and deliver one copy thereof to the other party to the sale and purchase agreement. <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(13) The Minister of Land, Infrastructure and Transport shall provide the heads of Sis/Guns/Gus with data for verifying whether a house is an existing house eligible for tax reduction or exemption through a computer network, etc.

(14) The head of a Si/Gun/Gu, in receipt of a request to place his/her seal certifying a newly - built house, etc. on a sale and purchase agreement pursuant to paragraph (11), shall verify whether the house is a newly - built house, etc. based on the reports on the status of newly - built houses submitted under paragraph (10) and an application for approval of the relevant project plan, etc. filed under Article 15 of the Housing Act; place his/her seal, prescribed by Ordinance of the Ministry of Strategy and Finance, on the sale and purchase agreement certifying that the house is a newly - built house, etc.; and enter and keep relevant records in the Register for

Confirmation of Newly - Built Houses, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 27444, Aug. 11, 2016>

(15) The head of a Si/Gun/Gu, in receipt of a request to place his/her seal certifying an existing house eligible for tax reduction or exemption on a sale and purchase agreement pursuant to paragraph (12), shall verify whether the house is an existing house eligible for tax reduction or exemption based on the data provided by the Minister of Land, Infrastructure and Transport under paragraph (13) (referring to the data for determining whether it falls under one house for one household as prescribed in paragraph (3)), the sale and purchase agreement, and the resident registration card (including electronic data from resident registration) under the Resident Registration Act; place his/her seal, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, on the sale and purchase agreement certifying that the house is an existing house eligible for tax reduction or exemption; and enter and keep relevant records in the Register for Confirmation of Existing Houses Eligible for Tax Reduction or Exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance.

(16) The head of a Si/Gun/Gu, a project operator, etc. shall submit the Register for Confirmation of Newly - Built Houses, etc. and the Register for Confirmation of Existing Houses Eligible for Tax Reduction or Exemption, in the forms prescribed by Ordinance of the Minister of Strategy and Finance, respectively, to the head of a tax office having jurisdiction over the locations of the houses, by April 30, 2014, in an electronic form using a data processing device, an electronic tape, a diskette, or a disk (hereafter in this Article, referred to as "electronic media").<Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(17) Upon receipt of data stored on electronic media under paragraph (16), the head of a tax office having jurisdiction over the locations of the houses, shall keep and maintain the data.

(18) Procedures for verifying newly - built houses, etc. and existing houses eligible for tax reduction or exemption, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 24534, May 10, 2013]

Article 99 - 3 (Special Taxation for Capital Gains Tax on Purchasers of Newly - Built

Houses)(1) "Areas prescribed by Presidential Decree" in the main sentence of Article 99 - 3 (1) of the Act, means the Seoul Special Metropolitan City, Gwacheon - si, and Bundang, Ilsan, Pyeongchon, Sanbon, and Jungdong new town areas, designated and publicly notified as housing site development zones under Article 3 of the Housing Site Development Promotion Act. <Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 23113, Aug. 30, 2011 >

(2) Capital gains deductible from capital gains taxable income under Article 99 - 3 (1) of the Act (hereafter in this Article, referred to as " capital gains eligible for reduction or exemption "), shall be calculated as follows. In such cases, the standard market price publicly notified for the immediately preceding period shall apply, if a new standard market price has not been publicly notified:<Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27127, May 10, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Where a house is transferred within five years from the date of acquisition, the capital gains eligible for reduction or exemption shall be calculated pursuant to Article 95 (1) of the Income Tax Act: Provided, That the capital gains eligible for reduction or exemption shall be calculated by the following formula in cases of a newly - built house specified under Article 98 - 3 (2) of the Act, acquired by redeveloping or rebuilding a house prior to redevelopment or reconstruction (hereafter in this Article, referred to as "existing house"):

Capital gains calculated pursuant to Article 95 (1) of the Income Tax Act × {(Standard market price at the time of transfer - Standard market price at the time of acquisition of the newly - built house) ÷ (Standard market price at the time of transfer - Standard market price at the time of acquisition of the existing house)}

2. Where a house is sold five years after the date of acquisition, the capital gains eligible for reduction or exemption shall be calculated by the following formula:

Capital gains calculated pursuant to Article 95 (1) of the Income Tax Act × {(Standard market price on the fifth anniversary from the date of acquisition of the newly - built house - Standard market price at the time of acquisition of the newly - built house) ÷ (Standard market price at the time of transfer - Standard market

price at the time of acquisition of the newly - built house (or standard market price at the time of acquisition of the existing house, in cases of a newly - built house specified under Article 98 - 3 (2) of the Act, acquired by redeveloping or rebuilding the existing house))}

(3) "House prescribed by Presidential Decree" in Article 99 - 3 (1) 1 of the Act means, any of the following houses: <Amended by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18044, Jun. 30, 2003; Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27444, Aug. 11, 2016>

1. A house that is remaining (hereafter in this Article, referred to as "remaining houses") after a housing association established under the Housing Act or a rearrangement project association established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (hereafter in this Article, referred to as "housing association, etc.") has supplied to its members and is acquired by a person who has concluded a sale and purchase agreement directly with the housing association, etc. upon making a down payment within the acquisition period of a newly - built house specified in Article 99 - 3 (1) 1 of the Act (hereafter in this Article, referred to as "acquisition period of a newly - built house");
2. A house that has been approved for use or has passed pre - use inspections after the expiry of the acquisition period of a newly - built house and is acquired by a member of the housing association, etc. from the housing association, etc. (referring to a member of an association as at the date its management and disposal plan is approved under Article 48 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (or as at the date it is approved to implement a project under Article 28 in cases of a housing reconstruction project; hereafter in this Article, the same shall apply), or the date its project plan is approved under Article 15 of the Housing Act; hereafter in this subparagraph, the same shall apply): Provided, That the foregoing shall only apply where the housing association, etc. has ever concluded a sale and purchase agreement (based on the first - concluded sale and purchase agreement, if multiple sale and purchase agreements exist) of a remaining house directly with any person other than its members, and received a down payment within the acquisition period

of a newly - built house.

(4) "House eligible under circumstances prescribed by Presidential Decree" in Article 99 - 3 (1) 1 of the Act, means any house acquired by a party to a contract for purchase of a housing unit or his/her spouse (including the lineal ascendants, descendants, and siblings of such party or his/her spouse) by renewing a sale and purchase agreement initially concluded, after the party to such contract who has concluded it with the housing builder, on or before May 23, 2001, has terminated the relevant contract, or any house acquired upon concluding a contract for purchase of a housing unit, in lieu of a housing unit contracted for purchase with the relevant housing builder: Provided, That any houses eligible under circumstances prescribed by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom. <Amended by Presidential Decree No. 17336, Aug. 14, 2001; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(5) "Member prescribed by Presidential Decree" in Article 99 - 3 (1) 2 of the Act, means any member of an association as at the date the association ' s management and disposal plan is approved under Article 48 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents or the association ' s project plan is approved under Article 15 of the Housing Act.<Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18044, Jun. 30, 2003; Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27444, Aug. 11, 2016 >

(6) Article 99 (4) shall apply mutatis mutandis to filing applications for reduction or exemption of capital gains tax under Article 99 - 3 (3) of the Act.

[This Article Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000]

Article 99 - 4 (Special Taxation of Capital Gains Tax for Purchasers of Houses, etc. in Agricultural and Fishing Villages)

(1) "One household prescribed by Presidential Decree" in Article 99 - 4 (1) of the Act, means one household defined in subparagraph 6 of Article 88 of the Income Tax Act. <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017 >

(2) "Dong prescribed by Presidential Decree" in Article 99 - 4 (1) 1 (a) of the Act, means a Dong in any Si area listed in attached Table 12, which is neither same as nor

adjacent to the Dong in which the ordinary house owned by the relevant household is located.<Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016>

(3) "Areas prescribed by Presidential Decree" in the proviso to Article 99 - 4 (1) 1 (a) (i) of the Act, means Yeoncheon - gun in Gyeonggi - do, Ongjin - gun in Incheon Metropolitan City, and other areas stipulated by Ordinance of the Ministry of Strategy and Finance as having similar regional characteristics to the aforementioned areas.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009>

(4) "Areas prescribed by Presidential Decree" in Article 99 - 4 (1) 1 (a) (v) and 2 (b) (iii) of the Act, means tourist complexes defined in Article 2 of the Tourism Promotion Act.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 27848, Feb. 7, 2017>

(5) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(6) "Hometown prescribed by Presidential Decree" in Article 99 - 4 (1) 2 (a) of the Act, means a Si area (including a Si area that borders thereon, and also a Si area that borders on the Gun area satisfying each of the following conditions) that satisfies each of the following conditions. In such cases, even when the place of registration, etc. or the Si/Gun where one has actually resided does not fall thereunder due to the reorganization of an administrative district, it shall be deemed the same Si/Gun:<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

1. It shall be a place of registration (including the place of family origin or place of original domicile under the Family Register Act prior to repeal under Article 2 of Addenda to the Act on the Registration, etc. of Family Relationships (Act No. 8435); hereafter in this Article, referred to as "place of registration, etc. ") in the Family Relation Register under the Act on the Registration, etc. of Family Relationships (including the Register of Removal from Family Registration under Article 4 of Addenda to the Act on the Registration, etc. of Family Relationships (Act No. 8435); hereafter in this Article, referred to as "Family Relation Register, etc."), in which one has been registered for at least ten years;

2. A person shall have actually resided at the area for at least ten years.

(7) "Si area prescribed by Presidential Decree in consideration of population, etc. as at the time of purchase" in Article 99 - 4 (1) 2 (b) of the Act, means any Si area listed in attached Table 12.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(8) "Amount of tax calculated by the formula prescribed by Presidential Decree" in the main sentence of Article 99 - 4 (5) of the Act, means the amount of tax on a ordinary house as at the time of transfer of the ordinary house, which is calculated pursuant to Article 104 of the Income Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(9) "Extenuating circumstances prescribed by Presidential Decree" in the proviso to Article 99 - 4 (5) of the Act, means the relevant cause where one fails to hold a house in an agricultural or fishing village or in the hometown (hereafter in this Article, referred to as "house, etc. in an agricultural or fishing village") for at least three years due to expropriation under the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects and other Acts (including purchase through negotiations), inheritance upon death, or destruction. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010>

(10) Any person who intends to apply for special taxation under Article 99 - 4 of the Act, shall submit a report on special taxation, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, within the deadline for filing his/her tax return on capital gains under Article 105 or 110 of the Income Tax Act. In such cases, the head of a tax office having jurisdiction over the place of tax payment shall verify the following documents by matching them against administrative information available for sharing under Article 36 (1) of the Electronic Government Act: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19507, Jun. 12, 2006; Presidential Decree No. 20120, Jun. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22151, May 4, 2010; Presidential Decree No. 22467, Nov. 2, 2010>

1. The land cadastre and the building register of the relevant ordinary house;
2. The land cadastre and the building register of the relevant house, etc. in an agricultural or fishing village.

(11) For the purpose of calculating the plottage and price of a house, etc. in an agricultural or fishing village under Article 99 - 4 (1) 1 (b) and (c) and 2 (c) and (d) of the Act, where the house, etc. in an agricultural or fishing village is extended or land appurtenant to such house is additionally acquired by the date of transfer of an ordinary house, the plottage and price of the house, etc. extended or land additionally

acquired shall be included. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(12) For the purpose of calculating the holding period of a house, etc. in an agricultural or fishing village under Article 99 - 4 (1) and (4) of the Act, where the house, etc. in an agricultural or fishing village is extended or land appurtenant to such house is additionally acquired, the holding period shall be counted from the date of acquisition of the original house, etc. in an agricultural or fishing village. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(13) Where a house, etc. in an agricultural or fishing village is extended or land appurtenant to the house is additionally acquired, whether the house, etc. is extended or the land is acquired within the period for acquisition of a house, etc. in an agricultural or fishing village specified in Article 99 - 4 (1) of the Act, or whether the house or land is located within the area provided for in Article 99 - 4 (1) 1 (a) and 2 (a) and (b) of the Act, shall be determined on the basis of the date of acquisition of the original house, etc. in an agricultural or fishing village. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(14) "Traditional Korean - style house prescribed by Presidential Decree" in Article 99 - 4 (1) 1 (c) and 2 (d) of the Act, means a traditional Korean - style house defined in subparagraph 16 of Article 2 of the Enforcement Decree of the Building Act, which is registered with the head of a local government as eligible for subsidies for building expenses, repairing expenses, and under mandatory preservation, etc. under its ordinance. <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 99 - 5 (Special Cases of Extinction of Liability of Small Individual Enterprisers to Pay Tax for which Disposition of Deficit Was Issued)

(1) "Amount prescribed by Presidential Decree" in Article 99 - 5 (1) 1 of the Act means 200 million won.

(2) Residents who intend to have the obligation for tax placed at non - collectible status extinguished as prescribed in Article 99 - 5 (2) of the Act shall submit an application for extinction of obligation for tax placed at non - collectible status prescribed by Ordinance of the Ministry of Strategy and Finance together with business registration or documents, etc. verifying the fact of being employed to the heads of tax offices having jurisdiction over the tax under non - collectible status.

(3) Where defects or errors exist in the documents under paragraph (2), the heads of competent tax offices may request them to correct such defects or errors specifying a period within ten days. In such cases, the correction period shall not be included in the period of approval notification under Article 99 - 5 (3) of the Act.

(4) Where the heads of competent tax offices extinguish the obligation of residents for tax placed at non - collectible status as prescribed in Article 99 - 5 (3) of the Act, they shall extinguish tax obligation on a case - by - case basis in order of application filed by residents; where residents have failed to indicate the order of priority to extinguish tax obligation or order of priority is unknown, the one with longer extinctive prescription of national tax collection right shall be the first to be extinguished.

(5) Matters necessary for the extinguishment of obligation for tax placed at non - collectible status prescribed in Article 99 - 5 of the Act in addition to matters prescribed in paragraphs (1) through (4) shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

[\[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010\]](#)

Article 99 - 6 (Special Taxation, etc. for Delinquent Taxes, etc. of Resurgent Small or Medium Entrepreneurs)

(1) "National prescribed by Presidential Decree" in Articles 99 - 6 (1) and 99 - 8 (1) of the Act, means any of the following persons: <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27205, May 31, 2016; Presidential Decree No. 27511, Sep. 22, 2016 >

1. A person who has borrowed re - incorporation funds from the Small and Medium Business Corporation incorporated under the Small and Medium Enterprises Promotion Act (hereafter in this Article, referred to as the "Small and Medium Business Corporation");
2. A person who has borrowed re - incorporation funds from the Credit Guarantee Fund incorporated under the 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"), following deliberation on support for re - incorporation by the Credit Counseling and Recovery Service established under Article 56 of the Microfinance

Support Act (hereafter in this Article, referred to as the "Credit Counseling and Recovery Service");

3. A person whose debts have been adjusted by the Credit Counseling and Recovery Service.

(2) "Period prescribed by Presidential Decree" in Articles 99 - 6 (1) and 99 - 8 (1) of the Act, means three years, respectively. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(3) The plan to pay delinquent taxes referred to in Article 99 - 6 (1) of the Act, shall be prepared in written form stating:

1. Details about the property or income to be provided to pay delinquent taxes;
2. The payment schedule of delinquent taxes.

(4) "Person falling short of the guidelines prescribed by Presidential Decree" in Articles 99 - 6 (1) 1 and 99 - 8 (1) 1 of the Act, means a person who meets each of the following criteria, respectively: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. Annual average number of tax delinquency within five years immediately preceding the filing date of the application: Less than three times;
2. Delinquent taxes as at the filing date of the application: Less than 30 million won.

(5) "Amount prescribed by Presidential Decree" in Articles 99 - 6 (1) 2 and 99 - 8 (1) 2 of the Act, means the following relevant amount, respectively: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. In cases falling under paragraph (1) 1: One billion won;
2. In case falling under paragraph (1) 2: One billion won;
3. In case falling under paragraph (1) 3: No limit on the amount.

(6) "Person prescribed by Presidential Decree" in Article 99 - 6 (1) 2 of the Act, means any of the persons specified in paragraph (1) 1 through 3.

(7) "Person who is fulfilling his/her legal liability under tax laws prescribed by Presidential Decree" in Articles 99 - 6 (1) 5 and 99 - 8 (1) 5 of the Act, means a person who performs the following obligations, respectively: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. The person shall maintain and keep a record of account books according to double - entry bookkeeping, if he/she is a person subject to double - entry bookkeeping under Article 160 (3) of the Income Tax Act or Article 112 of the

Corporate Tax Act;

2. The person shall have reported on a business account and use the business account, if he/she is a business operator obligated to report and use a business account under Article 160 - 5 of the Income Tax Act;
3. The person shall be a credit card merchant defined in subparagraph 5 of Article 2 of the Specialized Credit Finance Business Act, if he/she is a business operator obligated to become a credit card merchant under Article 162 - 2 (1) of the Income Tax Act or Article 117 (1) of the Corporate Tax Act;
4. The person shall have been registered as a cash receipt merchant under Article 126 - 3 (1) of the Restriction of Special Taxation Act, if he/she is a business operator obligated to be registered as a cash receipt merchant under Article 162 - 3 (1) of the Income Tax Act or Article 117 - 2 (1) of the Corporate Tax Act.

(8) If a resurgent small or medium entrepreneur provided for in Article 99 - 6 (1) of the Act, wishes to be granted a deferral of the seizure of property or the sale of the seized property under Article 99 - 6 (2) of the Act, or if a resurgent small or medium entrepreneur provided for in Article 99 - 8 (1) of the Act, wishes to be granted a deferral of tax collection under Article 99 - 8 (1) of the Act, the resurgent small or medium entrepreneur shall file an application (including an electronic application), stating the following, with the head of the competent tax office: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. His/her address or place of residence, and name;
2. The taxable period, tax item, amount of, and deadline for payment of, the national tax to be paid;
3. Grounds for deferring the seizure of property, the sale of the seized property, or tax collection, and the period of deferment;
4. The amount of an installment and the number of payment installments, if the entrepreneur wishes to be granted a deferral of the seizure, the sale of the seized property, or tax collection by paying taxes in installments.

(9) Article 24 of the Enforcement Decree of the National Tax Collection Act shall apply mutatis mutandis to giving notice to resurgent small or medium entrepreneurs under Article 99 - 6 (3) of the Act and giving notice of deferment of tax collection under Article 99 - 8 (1) of the Act. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(10) "Event prescribed by Presidential Decree" in Articles 99 - 6 (4) 3 and 99 - 8 (2) 2 of the Act, means any of the following cases, respectively: <Amended by Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27205, May 31, 2016 >

1. Where the Small and Medium Business Corporation, the Credit Guarantee Fund, or the Korea Technology Finance Corporation, collects the re - incorporation funds it has loaned;
2. Where the Credit Counseling and Recovery Service revokes a debt adjustment plan.

(11) Upon revoking the deferment of a disposition on default under Article 99 - 6 (4) of the Act or the deferment of tax collection under Article 99 - 8 (2) of the Act, the head of the competent tax office shall give notice of such revocation to the relevant resurgent small or medium entrepreneur. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(12) Article 5 (16) shall apply mutatis mutandis to applications filed by resurgent small or medium entrepreneurs for tax reduction or exemption under Article 99 - 6 (6) of the Act. <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

[This Article Newly Inserted by Presidential Decree No. 24698, Sep. 2, 2013]

Article 99 - 7 (Special Taxation for Lease on Deposit Basis without Large Sum of Key

Money)(1) " Household who does not own a house prescribed by Presidential Decree " in Article 99 - 7 (1) 2 of the Act, means a household provided for in Article 112 (1) of the Enforcement Decree of the Income Tax Act that owns no house.

(2) A person who seeks the benefit of special taxation under Article 99 - 7 (1) of the Act, shall submit his/her tax return and a certificate of the paid interest in the form prescribed by Ordinance of Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of tax payment.

[This Article Newly Inserted by Presidential Decree No. 24887, Nov. 29, 2013]

Article 100 (Scope, etc. of Housing Subsidies)(1) "Subsidy prescribed by Presidential Decree" in Article 100 of the Act means the amount for which the payment criteria were prescribed by the articles of incorporation or company regulations or by a resolution of the general stockholders' meeting, general partners' meeting or board of directors of the person paying such subsidy, and which has been paid pursuant to the relevant payment criteria, and which is within the limit falling under each of the

following subparagraphs: <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. Where the fund required for acquiring a house is subsidized, 5/100 of the acquisition value of the relevant house;
2. Where the fund required for renting a house is subsidized, 10/100 of the rental fee for the relevant house (referring to the money for lease on a deposit basis or a security deposit).

(2) Anyone who pays the subsidy provided for in Article 100 of the Act shall submit a statement detailing the payment of the subsidy that is prescribed by Ordinance of the Ministry of Strategy and Finance when he/she returns the tax base for the taxable year in which the subsidy is paid. <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008>

[This Article Wholly Amended by Presidential Decree No. 18176, Dec. 30, 2003]

SECTION 10 - 2 Special Taxation for Heightening Willingness to Work

Article 100 - 2 (Scope of Dependent Children and Persons Eligible for Applying for Labor Encouragement Subsidies)

(1) "Adopted children prescribed by Presidential Decree living together" in the main sentence of Article 100 - 4 (1) 1 of the Act means children adopted under the Civil Act or the Act on Special Cases concerning Adoption and persons who are adopted in fact, who are cohabiting family members on the resident registration card. <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24017, Aug. 3, 2012>

(2) "Circumstances prescribed by Presidential Decree in which such children do not have parents or their parents are unable to support such children" in the proviso to Article 100 - 4 (1) 1 of the Act means the following circumstances in which a relevant child is not a resident's child but a cohabiting family member on the resident registration card: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

1. Where the resident supports a grandchild or a sibling who has no parents;
2. Where the resident supports a grandchild or a sibling who has parents (including where the grandchild or sibling has a father or mother only: hereafter the same

shall apply in this subparagraph), but the total annual income of whose parents does not exceed one million won, and whose father or mother is a severely disabled person as defined under subparagraph 2 of Article 2 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities or has been rated as having at least Grade disability under Article 5 (5) of the Act on Compensation, etc. to Persons Associated with the May 18 Democratization Movement;

3. Where the resident supports a grandchild who has a father or mother only, and whose father or mother is less than 18 years of age, and the total annual income of whose father or mother does not exceed one million won.

(3) "Disabled persons prescribed by Presidential Decree" in the proviso to Article 100 - 4 (1) 2 of the Act means severely disabled persons as defined under subparagraph 2 of Article 2 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities and persons rated as having at least Grade disability under Article 5 (5) of the Act on Compensation, etc. to Persons Associated with the May 18 Democratization Movement. <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

(4) "Person prescribed by Presidential Decree" in Article 100 - 3 (1) of the Act means any person (including their spouses) other than the persons who engage in the business specified in Article 109 (2) 7 of the Enforcement Decree of the Value - Added Tax Act. <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 3 (Scope of Annual Gross Income)(1) "Total annual income prescribed by Presidential Decree" in Article 100 - 3 (1) 2 of the Act means the aggregate of the following incomes for the pertinent year (if the amount of such income is less than zero, it shall be deemed zero): Provided, That non - taxable income shall be excluded from such total annual income: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24638, Jun. 28, 2013>

1. Aggregate of interest incomes referred to in the subparagraphs of Article 16 (1) of the Income Tax Act;
2. Aggregate of dividend incomes referred to in the subparagraphs of Article 17 (1) of the Income Tax Act;
3. Deleted; <by Presidential Decree No. 22037, Feb. 18, 2010>
4. Amount computed by multiplying the business income referred to in the subparagraphs of Article 19 (1) of the Income Tax Act by the following applicable rate (hereafter referred to as “ adjustment rate ” in this Section): Provided, That where the income is generated from at least two businesses, each amount computed by multiplying each business income by the applicable adjustment rate shall be aggregated:
 - (a) Wholesale business: 20/100;
 - (b) Agriculture, forestry and fisheries, mining, business selling automobiles and automobile parts, retail business, real estate sales business under Article 122 (1) of the Enforcement Decree of the Income Tax Act, and other businesses not falling under any other items: 30/100;
 - (c) Manufacturing business; restaurant business; electricity, gas, steam and water supply business, construction business (excluding business constructing non - residential buildings, but including business developing or supplying residential buildings): 45/100;
 - (d) Commodities brokerage business; lodging business; sewage, waste disposal, raw material recycling and environment restoration business; transportation business; publication business; visual image, broadcasting, telecommunications and information service business; banking or insurance business: 60/100;
 - (e) Service business related to real estate; specialty, science and technology service business; business facility management business and business supporting service business; educational service business; health business and social welfare service business; service business related to art, sports or leisure; repair and other personal services business [excluding personal services (referring to those stipulated in Article 26 (1) 15 of the Value - Added Tax act and in Article 42 of the Enforcement Decree of the same Act; hereafter the same shall apply in this Section)]: 75/100;

(f) Real estate leasing business under Article 45 (2) of the Income Tax Act, Leasing business (excluding real estate), personal services, family - employed activity: 90/100;

5. Aggregate of earned incomes referred to in the subparagraphs of Article 20 (1) of the Income Tax Act;

6. Aggregate of annuity incomes referred to in the subparagraphs of Article 20 - 3 (1) of the Income Tax Act. In such cases, the income excluded from annuity incomes under Article 20 - 3 (2) of the Income Tax Act shall be included herein;

7. Other income referred to in Article 21 (1) and (2) of the Income Tax Act.

(2) Deleted. <by Presidential Decree No. 24368, Feb. 15, 2013>

(3) Deleted. <by Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 4 (Scope of One Household and Guidelines for Determining Property)(1)

"One household prescribed by Presidential Decree" in Article 100 - 3 (1) 2 of the Act, means a household comprised of a resident and the following persons (including persons who are temporarily away from their domicile or abode due to schooling, recuperation from a disease, or circumstances in their jobs or businesses) as at the end of the taxable period of the relevant year: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. Spouse;

2. Lineal ascendants and descendants (including their spouses) who make a living together with the resident or his/her spouse at the same domicile or abode;

3. Dependent children defined in Article 100 - 3 (1) 1 of the Act.

(2) Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017>

(3) "Total amount of property prescribed by Presidential Decree" in Article 100 - 3 (1) 4 of the Act, means the aggregate of values of the following assets: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22395, Sep. 20, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

1. Land, buildings, and residential houses defined in subparagraphs 1 through 3 of Article 104 of the Local Tax Act: Provided, That the assets referred to in Article 109 (3) of the Local Tax Act and Articles 22, 41, 43, 50, 72 (1) and (2), 89, and 90 of the Restriction of Special Local Taxation Act, shall be excluded herefrom;
 2. Passenger cars referred to in subparagraphs 1 and 2 of Article 123 of the Enforcement Decree of the Local Tax Act: Provided, That passenger cars for business purposes and passenger cars specified under Article 121 (2) of the Enforcement Decree of the Local Tax Act, shall be excluded herefrom;
 3. Key money for lease on a deposit basis (including a security deposit for lease: hereinafter the same shall apply);
 4. Cash, bank deposits, installment savings, installment deposits, deposits in trust, insurance for savings, etc., which generate interest income referred to in Article 16 (1) 3, 4, and 9 of the Income Tax Act, and financial assets of collective investment schemes, which generate dividend income referred to in Article 17 (1) 5 of the Income Tax Act: Provided, That the same shall not apply where the aggregate of an individual's financial assets is less than five million won;
 5. Memberships referred to in Article 7 (1) of the Local Tax Act;
 6. Securities specified by Ordinance of the Ministry of Strategy and Finance;
 7. Rights to acquire real estate, as specified by Ordinance of the Ministry of Strategy and Finance.
- (4) The base date for ownership of any asset specified under paragraph (3), shall be June 1 of the year in which the taxable period for the pertinent income tax ends: Provided, That, if the resident is dead or leaves Korea and the taxable period for the income tax ends as at May 31, it shall be June 1 of the year immediately preceding the taxable year in which the taxable period for the pertinent income tax ends.
<Amended by Presidential Decree No. 27848, Feb. 7, 2017>
- (5) Article 107 of the Local Tax Act shall apply mutatis mutandis to determination as to who owns an asset specified in paragraph (3) 1. In such cases, "taxpayer" shall be construed as "owner." <Amended by Presidential Decree No. 22395, Sep. 20, 2010; Presidential Decree No. 27848, Feb. 7, 2017>
- (6) Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017>
- (7) Article 125 of the Local Tax Act shall apply mutatis mutandis to determination as to who owns a passenger car specified in paragraph (3) 2. In such cases, "taxpayer"

shall be construed as "owner." <Amended by Presidential Decree No. 22395, Sep. 20, 2010>

(8) Assets specified under paragraph (3) shall be appraised with the following applicable value as at the base date of ownership specified in paragraph (4):

<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22395, Sep. 20, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>

1. Assets specified in paragraph (3) 1: Standard market price provided for in Article 4 (1) or (2) of the Local Tax Act;

2. Passenger cars specified in paragraph (3) 2: Standard market price provided for in Article 4 (2) of the Local Tax Act and Article 4 (1) 3 of the Enforcement Decree of the Local Tax Act;

2 - 2. Key money for lease on a deposit basis specified in paragraph (3) 3: The amount determined and publicly notified by the Commissioner of the National Tax Service with respect to the leased house within 60/100 of the amount appraised applying mutatis mutandis subparagraph 1 (hereafter in this Section, referred to as "deemed key money for lease on a deposit basis"): Provided, That, where a resident who has applied for a labor encouragement subsidy submits a copy of a lease contract under Article 100 - 7 (2) 2 and the key money for lease on a deposit basis is less than the deemed key money for lease on a deposit basis, the key money for lease on a deposit basis stated in the copy of the lease contract shall apply, but where the house is leased from a lineal ascendant or descendant (including his/her spouse) of the resident or his/her spouse, the deemed key money for lease on a deposit basis shall apply;

3. Bank deposits, installment savings, installment deposits, deposits in trust, insurance for savings, and financial assets of collective investment schemes specified in paragraph (3) 4: Balance of the financial assets;

4. Memberships specified in paragraph (3) 5: Value appraised under Article 165 (8) 3 of the Enforcement Decree of the Income Tax Act;

5. Assets specified in paragraph (3) 6 and 7: Value appraised by the method prescribed by Ordinance of the Ministry of Strategy and Finance, based upon the value of such assets.

(9) Deleted. <by Presidential Decree No. 23590, Feb. 2, 2012>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 5 (Determination on Dependent Children)

Where a resident's dependent child is determined as another resident's dependent child pursuant to Article 100 - 4 (5) of the Act, a resident determined in the following order shall be deemed a resident who has the dependent child in the pertinent year:
<Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. If a resident and the other resident mutually agree: A person designated by A mutual agreement between the resident and the other resident;
2. In any cases other than those falling under subparagraph 1: A person designated in the following order:
 - (a) A person who practically makes a living together with the defendant child at his/her domicile or abode during the taxable period of the pertinent income tax. In such cases, if a multiple number of residents have practically made a living together with the dependent child at their domicile or abode during the taxable period of the pertinent income tax, the person shall be the one whoever has made a living together with the dependent child for a longer period;
 - (b) If it is impracticable to designate a person under item (a), the person shall be the one whoever has earned a greater amount of gross salary, etc. under Article 100 - 3 (5) 3 of the Act (hereafter referred to as "gross salary, etc." in this Section and Section 10 - 4);
 - (c) If it is impracticable to designate a person under item (a) or (b), the person shall be the one who received a labor encouragement subsidy in the immediately preceding year because of the dependent child.

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 6 (Calculation, etc. of Labor Encouragement Subsidies)(1) "Amounts of income prescribed by Presidential Decree" in Article 100 - 3 (5) 3 (a) of the Act means the aggregate of the amounts computed by multiplying the business income of a person specified in Article 100 - 2 (4) by the applicable adjustment rate specified in the items of Article 100 - 3 (1) 4. <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(2) "Earned income or business income prescribed by Presidential Decree" in Article 100 - 3 (5) 3 of the Act means the following incomes: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

1. Earned income received from lineal ascendants or descendants, or a spouse who runs the business referred to in Article 109 (2) 7 of the Enforcement Decree of the Value - Added Tax Act;
2. Earned income received from any person, other than business entities specified by Ordinance of the Ministry of Strategy and Finance;
3. Earned income referred to in Article 20 (1) 3 of the Income Tax Act;
4. Business income of a person who fails to file an application for business registration under Article 168 (3) of the Income Tax or Article 8 (3) of the Value - Added Tax Act during the taxable period of the relevant income tax: Provided, That the income generated from personal services, which is received from a business entity specified by Ordinance of the Ministry of Strategy and Finance, shall be excluded herefrom.

(3) "Principal income earner prescribed by Presidential Decree" in Article 100 - 5 (2) of the Act (hereafter referred to as "principal income earner" in this Section) means a person determined in the following order as at the end of the taxable period of the income tax: Provided, That, if a resident or his/her spouse is dead or leaves Korea, another resident or his/her spouse, who is alive or lives in Korea, shall be the principal income earner in the pertinent year: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013>

1. A resident or his/her spouse, whoever has a greater amount of gross salary, etc. under Article 100 - 5 (1) of the Act;
2. If the amounts of gross salary, etc. are same, a person stated as an applicant on an application for labor encouragement subsidies under Article 100 - 6 (1) of the Act.

(4) The labor encouragement subsidy calculation schedule referred to in Article 100 - 5 (4) of the Act is as shown in attached Table 11. <Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

- Article 100 - 7 (Documentation, etc. Required for Filing Applications)**(1) An application for labor encouragement subsidies under Article 100 - 6 (1) of the Act (hereinafter referred to as "application for labor encouragement subsidies") shall contain the following descriptions: <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 23590, Feb. 2, 2012 >
1. Matters concerning the applicant ' s eligibility for application;
 2. Amounts of gross salary, etc.;
 3. Computed amount of labor encouragement subsidies;
 4. Other matters necessary in relation to eligibility for applying for labor encouragement subsidies, and computation thereof, which are prescribed by Ordinance of the Ministry of Strategy and Finance.
- (2) "Supporting documents prescribed by Presidential Decree" in the main sentence of Article 100 - 6 (1) of the Act means the following: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 24368, Feb. 15, 2013 >
1. Any of the following materials proving that the applicant has an earned income or business income: Provided, That the applicant need not submit the relevant materials, if the amount paid as earned income or business income inspected under paragraph (3) is stated in his/her application for labor encouragement subsidies:
 - (a) A receipt of withholding tax from earned income or business income;
 - (b) A copy of a passbook for receiving salaries or business income;
 - (c) Other materials that can objectively show that the applicant has an earned income or business income, which is determined by the Commissioner of the National Tax Service;
 2. In appraising the key money for lease on a deposit basis pursuant to Article 100 - 4 (8) 2 - 2, where a resident who has applied for labor encouragement subsidies intends to have it appraised by the key money for lease on a deposit basis stipulated in the copy of a lease contract because the key money for lease on a deposit basis stipulated in the copy of the lease contract is less than the deemed key money for lease on a deposit basis: A copy of the lease contract;
 3. Where the applicant has a right to acquire a real estate under Article 100 - 4 (3) 7: A copy of the lease contract, receipt of payment, such as amount of parceling - out,

settlement amount, etc. and a copy of land redemption bonds or copy of housing redemption bonds.

(3) For providing convenience in filing an application for labor encouragement subsidies, the Commissioner of the National Tax Service shall make the amount paid as earned income or business income stated in the detail of payment, which is submitted under Article 164 of the Income Tax Act, available to the resident for inspection, as prescribed by Ordinance of the Ministry of Strategy and Finance.
<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013>

(4) "One resident prescribed by Presidential Decree" in Article 100 - 6 (4) of the Act means a person determined in the following order:<Newly Inserted by ; Presidential Decree No. 24368, Feb. 15, 2013>

1. A person determined by a mutual agreement among residents;
2. A person who has more labor encouragement subsidies calculated under Article 100 - 5 of the Act;
3. A person who has more dependent children provided for in Article 100 - 4.

(5) When the head of the tax office having jurisdiction over the place of tax payment requests materials prescribed by Ordinance of the Ministry of Strategy and Finance to verify the details of the application for labor encouragement subsidies and the applicant ' s eligibility to file an application under Article 100 - 6 (11) of the Act, the relevant applicant for labor encouragement subsidies shall submit such materials.
<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

(6) Where a resident is deemed to have filed a final return on the tax base of global income under Article 100 - 6 (6) of the Act, he/she shall be deemed to have stated and declared a labor encouragement subsidy as a tax amount already paid in the final return.<Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>

(7) " Person prescribed by Presidential, based on the amount of global income, etc." in Article 100 - 6 (6) 2 of the Act means any person specified in the subparagraphs of Article 143 (4) of the Enforcement Decree of the Income Tax Act, whose global income is less than the basic deduction set for him/her under Article 50 of the Income Tax Act.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

(8) Where the head of the tax office having jurisdiction over the place of tax payment finds any omission or error in an application for labor encouragement subsidy or any other document, he/she may request the relevant applicant to correct it within a given period not exceeding 20 days: Provided, That he/she may, ex officio, correct a minor omission or error. <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 8 (Determination of Labor Encouragement Subsidies)(1) The head of the tax office having jurisdiction over the place of tax payment shall verify the following matters and determine the labor encouragement subsidy that shall be refunded to the principal income earner, based on the amount of gross salary, etc. so verified. In such cases, if the amount of income stated in the application for the labor encouragement subsidy or any evidentiary document submitted by the applicant under Article 100 - 6 (1) or (8) of the Act differs from the amount specified in subparagraph 3, the labor encouragement subsidy shall be determined on the basis of the amount of income verified and determined by the estimation method set forth in Article 144 (1) of the Enforcement Decree of the Income Tax Act or Article 104 (1) of the Enforcement Decree of the Value - Added Tax Act, or any other method deemed reasonable by the Commissioner of the National Tax Service, based upon the current situation of property, expenditure for consumption, etc.: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

1. Applicant ' s eligibility to file an application for a labor encouragement subsidy under Article 100 - 3 (1) and (2) of the Act;
2. The amount of gross salary, etc., including the amount of gross salary, etc. (including the spouse's gross salary, etc.) stated in the application for the labor encouragement subsidy or evidentiary documents submitted by the applicant under Article 100 - 6 (1) and (8) of the Act and proved by the statement of payment, submitted by the person who has paid such amount of gross salary, etc. to the head of the tax office having jurisdiction over the place of tax payment, the Commissioner of the competent Regional Tax Office, or the Commissioner of the

National Tax Service pursuant to Article 164 of the Income Tax Act, by the deadline for filing an application for the labor encouragement subsidy (where an application is filed under Article 100 - 6 (8) of the Act, by the date such application is filed), or objectively recognized otherwise;

3. The amount of income stated in the application for the labor encourage subsidy or evidentiary documents submitted by the applicant under Article 100 - 6 (1) or (8) of the Act and proved by a statement, tax invoice, credit card sales slip, or cash receipt under the Income Tax Act or the Value - Added Tax Act, or objectively recognized otherwise.

(2) Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017 >

(3) Where any cause for change of the principal income earner occurs after the labor encouragement subsidy is determined under paragraph (1), the principal income earner as at the date of determination of such labor encouragement subsidy shall be deemed the principal income earner, notwithstanding Article 100 - 6 (3). <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017 >

(4) If an applicant for the labor encouragement subsidy fails to correct any matter necessary for determining his/her eligibility for the labor encouragement subsidy and whether to grant the labor encouragement subsidy, even after receiving a request for correction under Article 100 - 7 (8), the head of the tax office having jurisdiction over the place of tax payment may decide not to grant the labor encouragement subsidy to such applicant. <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(5) "Cause prescribed by Presidential Decree" in the proviso to Article 100 - 7 (1) of the Act, means any of the following: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

1. Where it is necessary to verify the fact, request materials, or conduct an investigation as it is impracticable to verify an applicant ' s eligibility to file an application for labor encouragement subsidy, evidentiary documents, etc.;

2. Where it is necessary to verify the fact, request materials, or conduct an investigation as it is impracticable to verify the amount of gross salary, etc. with

evidentiary documents, etc. about the amount of gross salary, etc., submitted by the applicant for labor encouragement subsidy and the person who has paid the amount of gross salary, etc.;

3. Where the head of the tax office having jurisdiction over the tax payment place requests the applicant to submit evidentiary documents or make a correction under Article 100 - 7 (5) or (8): Provided, That this shall only apply to a request made two months after the deadline for filing a final tax return on global income under Article 70 or 74 of the Income Tax Act;

4. Deleted.<by Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 9 (Refund, etc. of Labor Encouragement Subsidies)(1) If an applicant opens an account in a financial bank, a post office, etc. and submits a report on the opening (change/withdrawal) of an account in the form prescribed by Ordinance of the Ministry of Strategy and Finance, the head of the tax office having jurisdiction over the place of tax payment, who has determined a labor encouragement subsidy, may pay the labor encouragement subsidy by transferring it to the applicant ' s account. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(2) Upon determining the labor encouragement subsidy, the head of the tax office having jurisdiction over the place of tax payment shall give notice to the relevant applicant using the Notice of Determination of Labor Encouragement Subsidy in the form prescribed by Ordinance of the Ministry of Strategy and Finance, stating the details and date of, and grounds for the determination.<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

(3) If a person who has received a labor encouragement subsidy requests a certificate of grant of the subsidy, the head of the tax office having jurisdiction over the place of tax payment, who determined to pay the labor encouragement subsidy, shall issue a certificate of grant of the labor encouragement subsidy in the form prescribed by the Commissioner of the National Tax Service.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 10 (Restriction on Refund of Labor Encouragement Subsidy)(1) Deleted.
<by Presidential Decree No. 23590, Feb. 2, 2012>

(2) The head of the tax office having jurisdiction over the place of tax payment shall dispatch, to the person subject to the restriction on the refund of the labor encouragement subsidy pursuant to Article 100 - 9 (3) of the Act, a notice of the restriction on the refund of labor encouragement subsidy prescribed by Ordinance of the Ministry of Strategy and Finance containing the grounds for the restriction on the refund, the period of time during which the refund is restricted, etc. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 11 (Penalty Tax)(1) "In any case prescribed by Presidential Decree" in the proviso to Article 100 - 10 (3) of the Act, means any of the following cases:

1. If there is an error in the amount paid as earned income or business income in the statement of payment submitted by a withholding agent under Article 164 of the Income Tax Act;
2. If there is an error in the information on financial transactions or the document, etc. certifying eligibility to apply for a labor encouragement subsidy, submitted by the head of a finance company, etc. or a State agency, etc. under Article 100 - 12 or 100 - 13 of the Act;
3. In any other case similar to subparagraphs 1 and 2, where it is found that the applicant has no fault.

(2) "Interest rate prescribed by Presidential Decree" in the formula prescribed in Article 100 - 10 (3) of the Act, means 3/10,000 per day.

[This Article Wholly Amended by Presidential Decree No. 27848, Feb. 7, 2017]

Article 100 - 12 (Confirmation and Investigation)

Every public official who carries on the affairs related to decision - making on the labor encouragement subsidy, etc. shall, whenever he/she conducts a confirmation or investigation in connection with decision - making on the labor encouragement subsidy, etc. pursuant to Article 100 - 11 of the Act, present the people concerned the certificate of investigator prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 13 (Manners in which Details of Financial Transactions are Requested)(1)

The Commissioner of the National Tax Service (including the Commissioners of Regional Tax Offices) shall request data about the details of financial transactions from the head of a finance company, etc. pursuant to Article 100 - 12 (1) of the Act, specifying the following: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Personal information of an applicant and his/her household members;
2. Purpose of use;
3. Details of the financial transactions requested.

(2) Where an association, a federation, or a central association (hereinafter referred to as "association, etc.") which a finance company, etc. has joined, manages the information communications network on financial information, etc., the Commissioner of the National Tax Service (including the Commissioners of Regional Tax Offices) may request the head of the finance company, etc. to provide the financial information, etc. referred to in paragraph (1) via the information communications network managed by the association, etc. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

Article 100 - 14 (Scope of Organizations or Institutions and Kinds of Data)(1)

"Organization or institution prescribed by Presidential Decree" in the former part of Article 100 - 13 of the Act, means any of the following organizations or institutions: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21214, Dec. 31, 2008; Presidential Decree No. 22235, Jun. 29, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

1. The National Health Insurance Corporation incorporated under the National Health Insurance Act;
2. The Korea Workers ' Compensation and Welfare Service established under the Industrial Accident Compensation Insurance Act;
3. The National Pension Service established under the National Pension Act;

4. The Government Employees Pension Service established under the Public Officials Pension Act;
 5. The Teachers ' Pension established under the Pension for Private School Teachers and Staff Act;
 6. The Specific Post Office Pension Service Agency established under the Special Post Offices Act;
 7. The Korea Financial Telecommunications and Clearings Institute established with permission from the Minister of Strategy and Finance under Article 32 of the Civil Act;
 8. An information and communications service provider under the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc.;
 9. The Korea Electric Power Corporation incorporated under the Korea Electric Power Corporation Act;
 10. The Credit Finance Association incorporated under Article 62 of the Specialized Credit Finance Business Act;
 11. The Korea Land and Housing Corporation incorporated under the Korea Land and Housing Corporation Act;
 12. The Seoul Housing and Communities Corporation incorporated under the Local Public Enterprises Act;
 13. Other organizations or institutions prescribed by Ordinance of the Ministry of Strategy and Finance as similar to those listed in subparagraphs 1 through 12.
- (2) "Data specified by Presidential Decree" in the former part of Article 100 - 13 of the Act, means the following:<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21984, Jan. 7, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 25317, Apr. 22, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27444, Aug. 11, 2016>
1. Electronic data from family relationship registration prepared and managed by the Minister of the National Court Administration under Article 11 (4) of the Act on the Registration, etc. of Family Relationships;
 2. Electronic data from resident registration prepared and managed by the head of an agency authorized to guide and supervise resident registration affairs under the

- Resident Registration Act;
3. Data about persons with disabilities registered under the Act on Welfare of Persons with Disabilities;
 4. Data about the wounded persons registered under the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State, and data about the wounded persons registered under the Act on Compensation, etc. to Persons Associated with the May 18 Democratization Movement;
 5. Data about aliens registered under the Immigration Act;
 6. Data about the comprehensive real estate holding tax under Article 119 - 2 (2) of the Enforcement Decree of the Local Tax Act;
 7. Data about the status of motor vehicle management under Article 69 of the Motor Vehicle Management Act (based on the status of passenger cars registered as at June 1 each year);
 8. Data about determination on the standard market prices of motor vehicles under Article 4 (1) 3 of the Enforcement Decree of the Local Tax Act;
 9. Data about the fixed dates of lease agreements under the Housing Lease Protection Act;
 10. Data about the registration of leasehold on a deposit basis under the Registration of Real Estate Act;
 11. Data about the monthly benefits paid to beneficiaries under the National Basic Living Security Act and data about the income and assets of beneficiaries for less than three months (including the updated data managed by State agencies);
 12. Data about the income and assets of policy - holders, etc. under the National Health Insurance Act;
 13. Data about the wages and salaries of the insured, etc. under the Employment Insurance Act;
 14. Data about the wages and salaries of beneficiaries, etc. under the Industrial Accident Compensation Insurance Act;
 15. Data about the income, assets, and salaries of the insured under the National Pension Act;
 16. Data about the salaries under the Public Officials Pension Act, the Military Pension Act, the Pension for Private School Teachers and Staff Act, or the Special Post Offices Act;

17. A list of the persons supplied with houses under Article 54 of the Housing Act;
18. Personal information under the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc.;
19. A statement of electric charges imposed under the Electric Utility Act and water charges imposed under the Water Supply and Waterworks Installation Act;
20. A statement of acquisition tax imposed on each person who has acquired any of the memberships referred to in Article 7 (1) of the Local Tax Act;
21. Data about determination on the standard market prices of the memberships referred to in Article 4 (1) 9 of the Enforcement Decree of the Local Tax Act;
22. Data about the payment of the bills for the use of credit cards and debit cards by credit card members and debit card members under the Specialized Credit Finance Business Act;
23. Data about security deposits for lease (including key money for lease on a deposit basis) under housing lease agreements made between the Korea Land and Housing Corporation incorporated under the Korea Land and Housing Corporation Act or the Seoul Housing and Communities Corporation incorporated under the Local Public Enterprises Act and housing tenants;
24. Data specified by Ordinance of the Ministry of Strategy and Finance, similar to those listed in subparagraphs 1 through 23.

[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007]

SECTION 10 - 3 Special Taxation for Partnership Firms

Article 100 - 15 (Scope of Application of Special Taxation for Partnership Firms)(1)

"Organization prescribed by Presidential Decree" in Article 100 - 15 (1) 4 of the Act means: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. A law firm or law cooperative established under Article 40 or 58 - 18 of the Attorney - at - Law Act;
2. A patent firm established under Article 6 - 3 of the Patent Attorney Act or Article 14 of the Enforcement Decree of the same Act;
3. A labor affairs consulting firm established under Article 7 - 2 of the Certified Public Labor Attorney Act;

4. A joint judicial scriveners firm established under Article 33 of the Certified Judicial Scriveners Act;
5. Any of the following firms or corporations that provide specialized personal services:
 - (a) A (limited) law firm established under Article 58 - 2 of the Attorney - at - Law Act;
 - (b) A (limited) patent firm established under Article 6 - 12 of the Patent Attorney Act;
 - (c) An accounting firm established under Article 23 of the Certified Public Accountant Act;
 - (d) A tax accountant firm established under Article 16 - 3 of the Certified Tax Accountant Act;
 - (e) A customs broker firm established under Article 17 of the Licensed Customs Broker Act.

(2) "Foreign organization meeting the criteria prescribed by Presidential Decree" in Article 100 - 15 (1) 5 of the Act means any foreign organization falling each of the following subparagraphs: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26600, Oct. 23, 2015 >

1. A foreign organization similar to an organization referred to in Article 100 - 15 (1) 1 through 4 of the Act (excluding private equity funds, among the organizations specified in subparagraph 3);
2. A foreign organization running a business with a domestic place of business under Article 94 of the Corporate Tax Act or Article 120 of the Income Tax Act;
3. A foreign organization to which a system similar to the special taxation for partnership firms is applied in a country where it was established (limited to a country with which the Republic of Korea has entered into a tax treaty).

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 16 (Application for Eligibility for or Waiver of Special Taxation for

Partnership Firms)(1) An enterprise that seeks the benefit of special taxation to partnership firms shall submit an application for special taxation to partnership firms in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the written consents of all partners (including documents which can verify the matters

provided for in the subparagraphs of Article 100 - 15 (2), in cases of a foreign organization), to the head of a tax office having jurisdiction over the place of tax payment before (within one month from the start of the taxable year where it seeks such benefit from the taxable year in which the establishment date of the enterprise falls if an enterprise is established) the start of the first taxable year in which it intends to benefit from such special taxation to partnership firms. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

(2) If a partnership firm that benefits from special taxation to partnership firms intends to waive the benefit of such special taxation to partnership firms, it shall submit an application for waiver of special taxation to partnership firms in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the written consents of all partners, to the head of a tax office having jurisdiction over the place of tax payment before the start of the first taxable year in which it intends to waive the special taxation to partnership firms.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22583, Dec. 30, 2010 >

(3) The amount computed by subtracting the total amount of equity capital from the value of remaining assets as of the end (hereafter referred to as "quasi - liquidation day" in this Article) of the business year immediately preceding the first business year in which special taxation on partnership firm applies to the relevant domestic corporation shall be the tax base of corporate tax on quasi - liquidation income under Article 100 - 16 (3) of the Act (hereafter referred to as "quasi - liquidation income amount" in this Article).<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

(4) "Value of remaining assets" in paragraph (3) shall be an amount calculated by subtracting the total amount of liabilities from the total amount of assets. In such cases, the total amount of assets and the total amount of liabilities shall be calculated based on the book value.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

(5) The sum of the capital or investment and surplus shall be the "total amount of equity capital" under paragraph (3). In such cases, where any corporate tax amount is refundable under the Framework Act on National Taxes after the quasi - liquidation day, the amount equivalent thereto shall be added to the total amount of equity capital as of the quasi - liquidation day, and the balance of deficit carried forward under Article 18 (1) of the Enforcement Decree of the Corporate Tax Act shall be

offset by the amount equivalent thereto out of the total amount of equity capital as of the quasi - liquidation day: Provided, That the amount of deficit carried forward to be offset shall not exceed the amount of surplus out of the total amount of equity capital, and the amount of deficit carried forward in excess shall be deemed null.

<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(6) Articles 14 through 54 of the Corporate Tax Act shall apply mutatis mutandis to calculation of the quasi - liquidation income amount, other than those prescribed in paragraphs (3) though (5).<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(7) In filing a return under Article 100 - 16 (4) of the Act, a corporation converted into a partnership firm shall file a return on corporate tax base and a return on tax amount on the quasi - liquidation income in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by the documents prescribed by Ordinance of the Ministry of Strategy and Finance with the head of a tax office having jurisdiction over the place of tax payment.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 17 (Rate of Allocation of Profits and Losses) (1) For the purposes of Article 100 - 18 of the Act, the rate of allocation of profits and losses shall be the rate reported as prescribed in Article 100 - 24 as a unitary rate of allocation of profits and losses for the relevant business year agreed upon in writing between partners (hereafter referred to as "agreed rate of allocation of profits and losses" in this Article): Provided, That profits and losses shall be allocated according to the rate of equity shares if no agreed rate of allocation of profits and losses exists.

<Wholly Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(2) When any cause prescribed by Ordinance of the Ministry of Strategy and Finance arise because it is recognized that there is apprehension of tax evasion in the application of paragraph (1), the rate of allocation of profits and losses of the immediately preceding taxable year shall apply to the taxable year in which the relevant cause arises.<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

(3) Where the sum total of equity shares of a certain partner and equity shares of other partner who is a related person to the former (referring to "related party" defined under Article 98 (1) of the Enforcement Decree of the Income Tax Act or

"related party" defined under Article 87 (1) of the Enforcement Decree of the Corporate Tax Act); hereafter referred to as "related person" in this paragraph) is the largest when the main sentence of paragraph (1) is applied, it shall be pursuant to the ratio of equity shares between such partner and another partner who is a related person to the former. <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(4) Notwithstanding paragraphs (2) and (3), if the relevant partnership firm is a private equity fund defined under Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act (hereafter referred to as "private equity fund" in this Section) and has reported the rate of dividend of profits or the rate of allocation of losses determined based on the rate, order, etc. stipulated in its articles of incorporation, terms and conditions, or an investment contract as the agreed rate of allocation of profits or losses, such agreed rate shall apply. In such cases, the performance remuneration under Articles 86 (1) and 249 - 14 (11) of the same Act (hereafter referred to as "performance remuneration" in this Section) shall be deemed the preferred dividend of profits to an executive officer. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 26600, Oct. 23, 2015 >

(5) For the purposes of Article 100 - 18 (1) of the Act, when the rate of allocation of profits and losses changes because a new partner is admitted into the partnership firm or a partner withdraws from the partnership firm in the taxable year, the amount of income or deficits allocable to a partner group computed for each period before and after such change shall be calculated according to the applicable rate of allocation of profits and losses. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 18 (Calculation and Allocation of Income and Deficits of Partnership Firms)

(1) "Partner prescribed by Presidential Decree" in the proviso to Article 100 - 18 (1) of the Act, means any of the following: <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26600, Oct. 23, 2015 >

1. A partner meeting each of the following requirements that:

(a) The partner shall not allow the partnership firm to use its name or trade name;

(b) The partner shall not agree to assume unlimited responsibility for the debt incurred out of the business of the partnership firm;

(c) The partner shall be neither an executive specified under Article 20 (1) 4 of the Enforcement Decree of the Corporate Tax Act nor an equivalent person;

2. A limited partner, if the relevant partnership firm is a private equity fund;

3. Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

(2) Where the income by a partner group is allocated to a passive partner as prescribed in the proviso to Article 100 - 18 (1) of the Act each taxable year that ends within ten years from the end of the taxable year in which the deficit allocated to each partner incurred, an amount calculated by subtracting the amount of subparagraph 2 from the amount of subparagraph 1 shall be allocated. In such cases, where the allocation is made to passive partners subject to the main sentence of Article 100 - 18 (3) or proviso to Article 100 - 24 (3) of the Act, the income and deficit to be allocated under subparagraphs 1 and 2 shall be the amount calculated as classified under Article 119 of the Income Tax Act or Article 93 of the Corporate Tax: <Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

1. The following income to be allocated to the passive partner in the relevant taxable year:

[Income to be allocated to the relevant partner group in the relevant taxable year × (Allocation rate of profits and losses to the passive partner in the relevant taxable year ÷ Allocation rate of profits and losses to the relevant partner group in the relevant taxable year)]

2. The following deficit amount (applicable only to the amount not deducted in the taxable year after the taxable year in which the relevant deficit incurred) not allocated to the passive partner in the taxable year in which the allocable deficit by a partner group incurred:

[Deficit to be allocated to each partner group in the taxable year in which the allocable deficit by the relevant partner group incurred × (Allocation rate of profits and losses to the passive partner in the relevant taxable year in which the allocable deficit by the relevant partner group incurred ÷ Allocation rate of profits and losses to the relevant partner group in the taxable year in which the allocable deficit by the relevant partner group incurred)]

(3) For the purposes of Article 100 - 18 (1) of the Act, the following relevant provisions shall apply to the deduction of deficits carried - forward by a partner group:<Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

1. A partner group comprised of residents (hereinafter referred to as "resident group"): Article 45 of the Income Tax Act;
2. A partner group comprised of non - residents (hereinafter referred to as "non - resident group"): Article 122 of the Income Tax Act;
3. A partner group comprised of domestic corporations (hereinafter referred to as "domestic corporation group"): Subparagraph 1 of Article 13 of the Corporate Tax Act;
4. A partner group comprised of foreign corporations (hereinafter referred to as "foreign corporation group"): Article 91 of the Corporate Tax Act.

(4) For the purposes of the latter part of Article 100 - 18 (2) of the Act, the deficit exceeding the value of equity shares (hereafter in this Section, referred to as "deficit exceeding allocation limits") held by the relevant partner, shall be allocated additionally up to the deficit, only if the deficit of each taxable year of the partnership firm that is allocated to each taxable year carried forward falls short of the value of equity shares. In such cases, the amount equivalent to the deficit exceeding allocation limits shall be deemed incurred at the end of the taxable year of the partnership firm that has incurred the deficit exceeding allocation limits when applying the deduction of deficits carried forward under Article 45 of the Income Tax Act and subparagraph 1 of Article 13 of the Corporate Tax Act.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(5) For the purposes of the latter part of Article 100 - 18 (2) of the Act and Article 100 - 18 (3) of the Act, when the deficit classified into at least two categories by partner group has incurred, the deficit exceeding allocation limits shall be deemed to have incurred in proportion to the amount of each classified deficit.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(6) For the purposes of Article 100 - 18 (3) of the Act, the income distributed to partners shall be classified as follows for each group of partners:<Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015;

[Presidential Decree No. 27848, Feb. 7, 2017](#)>

1. The resident group: Amounts received from the incomes referred to in Articles 16 through 19, 21, and 94 of the Income Tax Act;
 2. The non - resident group:
 - (a) In cases of non - residents referred to in Article 121 (2) and (5) of the Income Tax Act: Amounts received from the incomes referred to in subparagraphs 1 through 6, and 9 through 12 of Article 119 of the same Act;
 - (b) In cases of non - residents other than item (a): Amounts received from the income referred to in subparagraphs 1, 2, 4 through 6, and 10 through 12 of Article 119 of the Income Tax Act;
 3. The domestic corporation group: Gross income provided for in Article 15 of the Corporate Tax Act;
 4. The foreign corporation group:
 - (a) In cases of foreign corporations referred to in Article 97 (1) of the Corporate Tax Act: Gross income provided for in Article 92 (1) of the same Act;
 - (b) In cases of foreign corporations other than item (a): Amounts received from the income referred to in subparagraphs 1, 2, 4 through 6, and 8 through 10 of the Corporate Tax Act. Where a private equity fund in the form of a partnership firm distributes the income received through a special purpose company provided for in Article 249 - 13 of the Financial Investment Services and Capital Markets Act to a passive partner provided for in paragraph (9), the income distributed to the passive partner shall be classified into the categories of the income that the special purpose company received.
- (7) For the purposes of Article 100 - 18 (3) of the Act, the deficit allocated to partners shall be classified as follows for each group of partners:< [Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012](#)>
1. The resident group: Expenses incurred in relation to the incomes referred to in Articles 19 and 94 of the Income Tax Act;
 2. The non - resident group: Expenses incurred in relation to the incomes referred to in subparagraphs 3 through 6 and 9 through 11 of Article 119 of the Income Tax Act (limited to the non - residents referred to in Article 121 (2) and (5) of the Income Tax Act);

3. The domestic corporation group: Deductible expenses provided for in Article 19 of the Corporate Tax Act;

4. The foreign corporation group: Deductible expenses provided for in Article 92 (1) of the Corporate Tax Act (limited to the foreign corporations referred to in Article 97 (1) of the Corporate Tax Act).

(8) For the purposes of Article 100 - 18 (3) of the Act, if the relevant partnership firm is a private equity fund that distributes income to a passive partner who is a non - resident or a foreign corporation, an amount calculated by subtracting the amount that belongs to the relevant partner according to the allocation rate of profits and losses of the partnership firm (referring to the amount calculated by dividing in proportion to the amount of income referred to in Article 119 of the Income Tax Act or Article 93 of the Corporate Tax Act, in cases of a passive partner of a private equity fund subject to the main sentence of Article 100 - 18 (3) of the Act or the proviso to Article 100 - 24 (3) of the Act), out of the fees (excluding contingent fees) and commission paid under the Financial Investment Services and Capital Markets Act, from the amount of income distributed to the relevant partner under Article 100 - 18 (1) of the Act, shall be deemed the amount of income distributed to the partner. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26600, Oct. 23, 2015 >

(9) "Passive partner prescribed by Presidential Decree" in the proviso to Article 100 - 18 (3) of the Act, means any passive partner that meets each of the following requirements: <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26600, Oct. 23, 2015 >

1. It shall be established in a country with whom the Republic of Korea has entered into a tax treaty;

2. It shall be any of the following institutions, pensions, or funds:

(a) An investment institution established by the Government, local government, or central bank, or under any law corresponding to the Korea Investment Corporation Act of the Republic of Korea which manages and operates the assets of the relevant government, local government, central bank, or public institution, etc. in trust;

- (b) A pension created under any law corresponding to the National Pension Act, the Public Officials Pension Act, the Military Pension Act, the Pension for Private School Teachers and Staff Act, or the Act on the Guarantee of Workers' Retirement Benefits of the Republic of Korea;
 - (c) A fund that does not distribute the profit to its members, as a non-profit organization established under the Act;
3. No practical tax burden shall be imposed on the income distributed by the private equity fund, due to non-taxation or tax-exemption in the relevant country.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 19 (Calculation and Allocation of Tax Amount of Partnership Firms)(1) The amounts referred to in the subparagraphs of Article 100 - 18 (4) of the Act shall be calculated deeming the partnership firm to be a domestic corporation.

(2) For the purpose of Article 100 - 18 (5) of the Act, the amount allocated to partners under Article 100 - 18 (4) of the Act shall be deducted or added according to the following methods:<Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24368, Feb. 15, 2013>

1. Amount of tax deduction and exemption: Deduct it from the calculated tax amount;
2. Amount of withholding taxes: Deduct it as already paid tax amount: Provided, That if any of the following applies, it shall be deducted from the relevant tax amount when income tax or corporate tax is withheld on the income allocated to the relevant partner under Article 100 - 24 of the Act or Article 127 of the Income Tax Act, however, the amount exceeding the relevant tax amount shall be deemed null:
 - (a) In cases of the passive partner who is a resident, non-resident, or foreign corporation;
 - (b) In cases of the partner (excluding passive partners) who is a resident, and where the allocated income is classified as the amount received from the income under Article 16, 17 or 21 of the Income Tax Act as prescribed in Article 100 - 18 (6) 1;
3. Additional tax: Add it to the calculated tax amount;
4. Tax amount equivalent to the corporate tax on capital gains, such as land, etc.: Add it to the calculated tax amount. In such cases, the amount calculated by multiplying the amount calculated by deeming the partnership firm to be a domestic

corporation by the sum total of the rate of allocating the profits and losses of partners who are domestic corporations and foreign corporations shall be the tax amount equivalent to the corporate tax on capital gains, such as land, etc.

(3) For the purpose of Article 100 - 18 (4) 3 of the Act, the additional tax allocated to partners means the following additional taxes:

1. Additional tax levied under Article 76 (1), (2), (5) (7) through (9), (11) and (12) of the Corporate Tax Act;
2. Additional tax levied under Article 100 - 25 (1) and (2) of the Act.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 20 (Transactions between Partnership Firm and Its Partners)(1) "Where a partner makes a transaction with his/her partnership firm as a third party, not as a partner" in Article 100 - 19 (1) of the Act means any of the following transactions where the remuneration from a transaction the partner gets from the partnership firm is decided based on the value of the goods or service supplied through the transaction, irrespective of the income of the partnership firm: <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

1. A transaction in which a partner transfers goods to the partnership firm or acquires goods by transfer from the partnership firm;
2. A transaction in which a partner lends or leases money or other assets to the partnership firm, or borrows or hires money or other assets from the partnership firm;
3. A transaction in which a partner supplies services (excluding the services falling under the business operated by the relevant partnership firm) to the partnership firm or is supplied with services from the partnership firm;
4. A transaction similar to the transactions provided for in subparagraphs 1 through 3, which is prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) For the purposes of Article 100 - 19 (1) of the Act, if a partnership firm is a private equity fund, any transaction in which an executive officer thereof provides services to the partnership firm under Article 249 - 14 of the Financial Investment Services and Capital Markets Act, shall be deemed a transaction made with the partnership firm as a third party, not as a partner: Provided, That the transactions for which the executive officer receives performance remuneration shall be excluded

herefrom. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 26600, Oct. 23, 2015>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

- Article 100 - 21 (Adjustment of Value of Equity Shares)**(1) The initial value of equity shares held by a partner shall be an amount calculated by multiplying the total amount of investment by the partnership firm as at the end of the taxable year immediately preceding the taxable year in which special taxation to the partnership firm is applied for the first time (or as on the first day of the taxable year where special taxation to the partnership firm is applied from the taxable year in which the establishment date of the firm falls) by the investment ratio of the relevant partner.
- (2) "Any event prescribed by Presidential Decree" in Article 100 - 20 (1) of the Act and the amount increased upon the occurrence of the relevant event are as follows:
1. Where investing assets in the partnership firm: Market price of assets as on the date of investment;
 2. Where equity shares in the partnership firm are purchased, inherited or donated: Purchase price of equity shares, or market price of equity shares as on the date of inheritance or donation;
 3. Where dividends are distributed from the income of the partnership firm: Amount of income (including non - taxable income under the Income Tax Act, the Corporate Tax Act, and the Act).
- (3) " Any event prescribed by Presidential Decree" in Article 100 - 20 (2) of the Act and the amount reduced upon the occurrence of the relevant event are as follows:
1. Where being allocated with the assets of partnership firm: Market price of the assets as of the date of allocation;
 2. Where a partner transfers, bequeaths or donates equity share in the partnership firm: Equity amount of the equity share concerned as of the date of transfer, bequest or donation;
 3. Where deficit is allocated from the partnership firm: Amount of deficit.
- (4) If two or more causes for adjusting the value of equity shares occur simultaneously for the purposes of paragraphs (2) and (3), the value of equity shares shall be adjusted according to the following order: Provided, That in cases falling under Article 100 - 23, subparagraph 3 or 4 shall be applied ahead of

subparagraph 2:

1. Adjustment to increase under paragraph (2) 1 and 2;
2. Adjustment to reduction under paragraph (3) 1 and 2;
3. Adjustment to increase under paragraph (2) 3;
4. Adjustment to reduction under paragraph (3) 3.

(5) Where the value of equity shares is reduced as prescribed in paragraph (3), the minimum value of equity shares shall be zero.

[This Article Wholly Amended by Presidential Decree No. 21307, Feb. 4, 2009]

Article 100 - 22 (Calculation of Capital Gains of Equity of Partnership Firms)

The capital gains of equity when Article 100 - 21 (1) of the Act is applied shall be calculated deeming the equity value of the equity share concerned as of the transfer date as the acquisition price.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 23 (Reason for Allocating Asset Presumed Loss)

"Cause specified by Presidential Decree" in Article 100 - 22 (2) of the Act means the cases falling under any of the following subparagraphs:

1. Where a partnership firm ceases to exist due to liquidation, division, merger, etc.;
2. Where a partner withdraws from the partnership firm.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 24 (Reporting on Details of Calculation and Allocation of Income of Partnership Firms)

Every partnership firm shall submit a report on the calculation and allocation of its income in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the following documents when filing a report under Article 100 - 23 of the Act. In such cases, a report filed without accompanying the documents referred to in subparagraphs 1 and 2 shall not be deemed a report filed under Article 100 - 23 of the Act:<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

1. The balance sheet and income statement prepared by applying the business accounting standards mutatis mutandis;

2. Details of adjustment of an equity price prescribed by Ordinance of the Ministry of Strategy and Finance;
- 2 - 2. A written agreement on the agreed ratio of allocating the profits and losses under the main sentence of Article 100 - 17 (1);
- 2 - 3. Documents that can verify the facts specified in subparagraphs of Article 100 - 18 (9) concerning the passive partners subject to the application of the main sentence of Article 100 - 18 (3) of the Act.
3. Other documents prescribed by Ordinance of the Ministry of Strategy and Finance.
[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 25 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

Article 100 - 26 (Additional Tax)(1) The sum total of income amount liable for allocation by partner group shall be the tax amount to be reported when Article 100 - 25 (1) is applied.

(2) "Interest rate prescribed by Presidential Decree" in Article 100 - 25 (2) 1 of the Act means 3/10,000 per day.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 100 - 27 (Provisions Applied Correspondingly)

For the purpose of Article 100 - 26 of the Act, "matters prescribed by Presidential Decree" means the followings:<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013>

1. A business year under Articles 6 and 7 of the Corporate Tax Act;
2. The place of tax payment and jurisdiction of taxation under Articles 9 through 12 of the Corporate Tax Act;
3. Business registration under Article 111 of the Corporate Tax Act;
4. Tax credits, tax reductions and tax exemptions under the Act and the Corporate Tax Act;
5. Withholding under Articles 73 and 74 of the Corporate Tax Act;
6. Additional taxes under Article 76 (1), (2), (5), (7) through (9), (11) and (12) of the Corporate Tax Act;
7. Corporate taxes on capital gains, such as land under Article 55 - 2 of the Corporate Tax Act;

8. Decisions and corrections under Article 66 of the Corporate Tax Act;
9. Keeping and recording books under Article 112 of the Corporate Tax Act;
10. Separate accounting under Article 113 of the Corporate Tax Act;
11. Submission and keeping the evidentiary documents of disbursement under Article 116 of the Corporate Tax Act;
12. Obligation to become credit card merchants and to issue credit card sales slips under Article 117 of the Corporate Tax Act;
13. Obligation to become cash receipt merchants and to issue cash receipts under Article 117 - 2 of the Corporate Tax Act;
14. Obligation to file payment statements under Articles 120 and 120 - 2 of the Corporate Tax Act;
15. Submission of aggregate tax invoices for individual suppliers under Article 120 - 3 of the Corporate Tax Act;
16. Preparation, issuance, etc. of invoices under Article 121 of the Corporate Tax Act;
17. Inquiries and investigations under Article 122 of the Corporate Tax Act;
18. Other matters prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

SECTION 10 - 4 Special Taxation for Encouragement of Children

Article 100 - 28 (Persons Eligible to Apply for Child Care Subsidies)

"Resident prescribed by Presidential Decree" in the main sentence of Article 100 - 28 (1) of the Act means any person (including his/her spouse) who engages in the business specified in Article 109 (2) 7 of the Enforcement Decree of the Income Tax Act. <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 100 - 29 (Calculation, etc. of Child Care Subsidies)(1) The child care subsidy calculation schedule referred to in Article 100 - 29 (2) of the Act shall be as shown in attached Table 11 - 2.

(2) Except as otherwise expressly provided for in paragraph (1), Article 100 - 6 (1) through (3) shall apply mutatis mutandis to the calculation of a child care subsidy. In

such cases, "application for a labor encouragement subsidy" shall be construed as "application for a child care subsidy".

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 100 - 30 (Applications for Child Care Subsidies and Accompanying Documents)

(1) The following information shall be stated in an application for a child care subsidy under Article 100 - 30 (1) of the Act:

1. Matters concerning eligibility for filing an application;
2. Total amount of salary, etc.;
3. Calculated amount of a child care subsidy;
4. Other matters prescribed by Ordinance of the Ministry of Strategy and Finance as necessary for determining the relevant applicant ' s eligibility to apply for a child care subsidy and the calculation of the child care subsidy.

(2) Except as otherwise provided for in paragraph (1), Article 100 - 7 (2) through (8) shall apply mutatis mutandis to supporting documents, etc. for an application for a child care subsidy. In this regard, "labor encouragement subsidy" shall be construed as "child care subsidy." <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 100 - 31 (Application Mutatis Mutandis, etc. to Matters Related to Child Care Subsidies)

(1) Articles 100 - 2 (1) through (3), 100 - 3, 100 - 4, 100 - 5, and 100 - 8 through 100 - 14 shall apply mutatis mutandis to the scope of dependent children, the scope of annual gross income, the scope of one household, criteria for determining property, determination of dependent children, determination of child care subsidies, refund of child care subsidies, issuance of certificates of grant of subsidies, restrictions on refund, penalty tax, ascertainment, investigation, manners in which the details of financial transactions are requested, the scope of organizations or institutions, and the kinds of data. In such caes, "labor encouragement subsidy" shall be construed as "child care subsidy." <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(2) If an applicant (including his/her spouse) has been granted child tax credits as provided for in Article 59 - 2 of the Income Tax Act, the head of the tax office having jurisdiction over the place of tax payment shall deduct the amount calculated in accordance with the same Article and Article 61 of the same Act from a child care

subsidy determined under paragraph (1). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Articles 100 - 32 through 100 - 35 Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010>

SECTION 11 Special Taxation for other Direct National Taxes

Article 101 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001>

Article 102 (Application for Reduction of or Exemption from Tax on Income from Forest Development)

Any national who intends to be eligible under Article 102 (1) of the Act, shall submit a written application for tax reduction or exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of tax office having jurisdiction over his/her place of tax payment, along with his/her tax return.

<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

Article 103 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008>

Article 104 (Special Taxation for Special Purpose Companies for Recapitalization)(1)

"Financial institutions prescribed by Presidential Decree" in Article 104 - 3 (1) of the Act, means the following institutions: <Amended by Presidential Decree No. 22493, Nov. 15, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 27848, Feb. 7, 2017>

1. The Korea Development Bank incorporated under the Korea Development Bank Act;
2. The Export - Import Bank of Korea incorporated under the Export - Import Bank of Korea Act;
3. through 5. Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017>

(2) "Manners prescribed by Presidential Decree" in the main sentence of Article 104 - 3 (1) of the Act, means raising and investing funds in the following manners in the relevant business year: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25279, Mar. 24, 2014; Presidential Decree No. 25945, Dec. 30, 2014;

[Presidential Decree No. 27848, Feb. 7, 2017](#)>

1. Fully or partially borrowing an investment fund from the Bank of Korea incorporated under the Bank of Korea Act or the Industrial Bank of Korea incorporated under the Industrial Bank of Korea Act (including any indirect borrowing through the Industrial Bank of Korea or the Korea Asset Management Corporation incorporated under the Act on the Efficient Disposal of Non-Performing Assets, etc. of Financial Companies and the Establishment of Korea Asset Management Corporation);
2. Investing an investment fund in any of the following issued by the financial institutions referred to in paragraph (1):
 - (a) Hybrid securities (which constitutes the core capital defined in subparagraph 1 of Article 1 - 2 of the Enforcement Decree of the Banking Act among finance bonds provided for in Article 19 of the Enforcement Decree of the Banking Act);
 - (b) Subordinated bonds (which constitutes the supplementary capital defined in subparagraph 2 of Article 1 - 2 of the Enforcement Decree of the Banking Act among finance bonds provided for in Article 19 of the Enforcement Decree of the Banking Act).
- (3) "Investment prescribed by Presidential Decree" in the main sentence of Article 104 - 3 (1) 2 of the Act, means 10/100 of the aggregate of the balance of hybrid securities referred to in paragraph (2) 2 (a) and the balance of subordinated bonds referred to in paragraph (2) 2 (b).<[Amended by Presidential Decree No. 27848, Feb. 7, 2017](#)>
- (4) Any person who intends to be eligible under Article 104 - 3 (1) of the Act, shall submit a statement of loss compensation reserves, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

[[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009](#)]

Article 104 - 2 Deleted. <[by Presidential Decree No. 25211, Feb. 21, 2014](#)>

Article 104 - 3 Deleted. <[by Presidential Decree No. 23590, Feb. 2, 2012](#)>

Article 104 - 4 (Scope of Profit - Making Businesses of Rearrangement Project Associations)

For the purposes of Article 104 - 7 (2) of the Act, a rearrangement project association's business that supplies parcels of land and buildings to its members in substitution for existing land pursuant to its management and disposal plan for the relevant rearrangement project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, shall not be deemed a profit-making business specified in Article 3 (3) of the Corporate Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 25211, Feb. 21, 2014> [This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

- Article 104 - 5 (Tax Credits for Electronic Returns)**(1) "Tax return of income tax or corporate tax prescribed by Presidential Decree" in the former part of Article 104 - 8 (1) of the Act, means a final tax return filed under Article 70 of the Income Tax Act and a tax return filed under Article 60 of the Corporate Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>
- (2) "Amount prescribed by Presidential Decree" in the former part of Article 104 - 8 (1) of the Act, means twenty thousand won. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>
- (3) "Return on value - added tax prescribed by Presidential Decree" in Article 104 - 8 (2) of the Act, means a final tax return filed under Article 49 of the Value - Added Tax Act and a tax return filed under Article 67 of the same Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013>
- (4) "Amount prescribed by the Presidential Decree" in Article 104 - 8 (2) of the Act, means ten thousand won. <Amended by Presidential Decree No. 22037, Feb. 18, 2010>
- (5) The ceilings of annual tax credits (means the aggregate of the amount to be deducted from the income tax or corporate tax payable by a certified tax accountant and the amount to be deducted from the value - added tax thereof) that a certified tax accountant can be granted as prescribed in the latter part of Article 104 - 8 (3) of the Act, shall be four million won (or ten million won in cases of tax accounting firms established under the Certified Tax Accountant Act or accounting firms established under by the Certified Public Accountant Act). <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

(6) Any person who intends to be granted a tax credit for an electronic return pursuant to Article 104 - 8 (1) and (3) of the Act, shall file an application for tax credits, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the competent tax office, when filing an electronic return (referring to when a certified tax accountant files his/her tax return if the tax accountant intends to be granted a tax credit under Article 104 - 8 (3) of the Act). <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 104 - 6 (Inclusion of Reserve Funds for Participation in EXPO 2012 Yeosu in Deductible Expenses)(1) "Projects prescribed by Presidential Decree" in Article 104 - 9 (1) of the Act, means the following projects and businesses: <Amended by Presidential Decree No. 26070, Feb. 3, 2015 >

1. Manufacture and construction of direct facilities for the exposition defined in subparagraph 2 of Article 2 of the Special Act on Assistance to the EXPO 2012 Yeosu Korea;
2. The following businesses classified under the Korea Standard Industrial Classification and conducted for the publicity of EXPO 2012 Yeosu or for the use of facilities in the venue of the EXPO 2012 Yeosu:
 - (a) Publishing business;
 - (b) Business producing or distributing video and audio record products;
 - (c) Broadcasting business;
 - (d) Service business relating to creation, arts, or leisure.

(2) "Expenses prescribed by Presidential Decree" in Article 104 - 9 (2) of the Act, means expenses (excluding interest on loans and donations to the Organizing Committee for EXPO 2012 Yeosu Korea established under Article 4 of the Special Act on Assistance to the EXPO 2012 Yeosu Korea, local governments, other organizations, etc. related to EXPO 2012 Yeosu Korea) disbursed directly for the implementation of the projects and business activities provided for in the subparagraphs of paragraph (1), for which a contract of participation in the exhibition has been entered into as prescribed in Article 104 - 9 (1) of the Act.

(3) "Additional amount equivalent to interest calculated, as prescribed by Presidential Decree" in Article 104 - 9 (5) of the Act, means an amount calculated by

multiplying the difference of corporate tax occurred by including the reserve fund for participation in the deductible expenses as prescribed in Article 104 - 9 (1) of the Act, by the period referred to in subparagraph 1 and the rate referred to in subparagraph 2:

1. A period from the day following the end of the business year in which the reserve fund for participation was included in deductible expenses, until the end of the business year in which such reserve fund for participation is included in gross income;
2. 3/10,000 per day.

(4) A domestic corporation that intends to be eligible under Article 104 - 9 (1) of the Act, shall submit a detailed statement of the reserve fund for participation, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when it files a tax return for the business year in which it includes the reserve fund for participation in the deductible expenses or gross income.

[\[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010\]](#)

Article 104 - 7 (Special Cases concerning Calculating Corporate Tax Base for Shipping Enterprises)

(1) "Shipping enterprise that operates the ocean - going shipping business prescribed by the Marine Transportation Act and meets the requirements prescribed by Presidential Decree" in Article 104 - 10 (1) of the Act, means that an enterprise operates any of the following businesses, and the annual total navigational tonnage (referring to the tonnage calculated by multiplying the net tonnage by the number of navigation days in a year and the use rate of the ships; hereafter in this Article, the same shall apply) of ships chartered by the enterprise (including use of ships assigned by any other shipping enterprise for joint navigation prescribed by Ordinance of the Ministry of Strategy and Finance; hereafter in this Article, the same shall apply), does not exceed five times the annual total navigation net tonnage of standard ships determined by Ordinance of the Ministry of Strategy and Finance, such as ships owned by such enterprise: <Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20398, Nov. 30, 2007; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 22037, Feb.

18, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

1. The regular ocean - going passenger transportation business or the irregular ocean - going passenger transportation business provided for in Article 3 of the Marine Transportation Act;
2. The regular ocean - going cargo transportation business or the irregular ocean - going cargo transportation business provided for in Article 23 of the Marine Transportation Act: Provided, That the transportation business of fishery products shall be excluded;
3. The international cruise ship operation business defined in subparagraph 4 of Article 2 of the Cruise Industry Development and Support Act.

(2) "Income prescribed by Presidential Decree, related to ocean - going shipping activities" in Article 104 - 10 (1) 1 of the Act, means the income generated from activities referred to in subparagraph 1 or 2 and the income referred to in subparagraph 3 (hereafter in this Article, referred to as "shipping income"):

<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014 >

1. Ocean - going transportation activities (including chartering or hiring of vessels defined in subparagraph 4 of Article 2 of the Marine Transportation Act to be used for the ocean - going transportation activities; hereafter in this Article, the same shall apply);
2. Any of the following activities related to ocean - going transportation activities:
 - (a) Activities involving storage, stevedoring, maintenance, and management of cargoes;
 - (b) Activities prescribed by Ordinance of the Ministry of Strategy and Finance and related to the lease of facilities necessary to engage in ocean - going transportation activities;
 - (c) Activities involving recruitment, education, and training of employees;
 - (d) Activities involving the acquisition, maintenance, management, and disposal of ships;
 - (e) Sale of ships: Provided, That, where a ship that has been held from before applying a special case for calculating a tax base (hereafter in this Article, referred to as "special case for calculating a tax base") of a shipping enterprise

under Article 104 - 10 (1) of the Act, is sold, an amount (hereafter in this item, referred to as "portion of amount for the period before applying a special case") calculated by the formula 1), shall be the non - shipping income, however, where a new ship is acquired with such sales proceeds by the end of the business year in which the date of sale of the relevant ship falls, the equivalent to 80/100 of the amount calculated by the formula 2) shall be the shipping income:

1) Profits or losses from sale of the relevant ship × (Period before applying the special case for calculating the tax base to the relevant ship ÷ Total holding period of the relevant ship)

2) Portion of amount for a period before applying a special case × (Amount of sales proceeds used to acquire a new ship ÷ Amount of sales proceeds of the relevant ship) × (80 ÷ 100)

(f) Combined shipping activities prescribed by Ordinance of the Ministry of Strategy and Finance and conducted under a single shipping contract;

(g) Activities prescribed by Ordinance of the Ministry of Strategy and Finance and similar to those referred to in items (a) through (f);

3. Any of the following incomes:

(a) The interest income provided for in Article 16 of the Income Tax Act, which is generated from ocean - going transportation activities, the dividend income generated from collective investment schemes provided for in Article 17 (1) 5 of the same Act (hereafter in this Article, referred to as "interest income, etc."), and the interest paid: Provided, That the interest income, etc. generated from the investment assets that conforms with the corporate accounting standards and other interest income, etc. prescribed by Ordinance of the Ministry of Strategy and Finance, shall be excluded;

(b) Profits or losses of the won currency amount and the won currency account amount, which occurs by appraising monetary foreign currency assets and liabilities that conform with the corporate accounting standards, which accrues from ocean - going transportation activities;

(c) Profits or losses of the amount of the won currency of foreign currency debts and credits that are redeemed or are to redeem and the won currency account amount in connection with ocean - going transportation activities;

(d) Profits and losses that result from the transactions of derivatives executed in conformity with the corporate accounting standards to avoid the risk of fluctuation in the interest rates on borrowings, currency exchange rates, freights, and the price in major raw materials, including ship fuel oil, that all occur in connection with ocean - going transportation activities.

(3) "Ship", "net tonnage", "number of navigation days", or "use rate" in paragraph (1) hereof and Article 104 - 10 (1) 1 of the Act, means: <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

1. Ship: Ship held or chartered by an enterprise to which the special case of the calculation of a tax base is applied (hereafter in this Article, referred to as "special case - applied enterprise");

2. Net tonnage: Net tonnage defined in Article 3 (1) 3 of the Ship Act;

3. Number of navigation days: Either of the following periods: Provided, That, when a ship has not been operated for at least 30 consecutive days due to its maintenance, improvement, repair, or other inevitable reasons, such period shall be excluded from the number of navigation days:

(a) Holding period in cases of a ship owned by a special case - applied enterprise;

(b) Chartered period in cases of a ship chartered by a special case - applied enterprise;

4. Use rate: Any of the following rates:

(a) 100 percent in cases of a ship owned by a special case - applied enterprise;

(b) Rate of charter under the relevant contact charter in cases of a ship chartered by a special case - applied enterprise;

(c) Rate of joint operation in cases of a ship used for joint operation under paragraph (1) by a special case - applied enterprise, notwithstanding the provisions of items (a) and (b).

(4) "One navigation - day profit per ton" in Article 104 - 10 (8) of the Act, shall be as follows: <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

Net Tonnage of Individual Ships One Navigation - Day Profit per Ton Not exceeding 1,000 tons 14 won

More than 1,000 tons, but not exceeding 10,000 tons 11 won

More than 10,000 tons, but not exceeding 25,000 tons 7 won

Exceeding 25,000 tons 4 won

(5) Any corporation that seeks the benefit of the special case for calculating the tax base, shall file an application for a special case for calculating the tax base of corporate tax of a shipping enterprise in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by a letter of confirmation issued by the Minister of Oceans and Fisheries as to whether it satisfies the requirements under paragraph (1), with the head of a tax office having jurisdiction over the place of tax payment, by the deadline for filing its tax return of the first business year in which it intends to be granted a special case for calculating a tax base. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24441, Mar. 23, 2013>

(6) When a special case - applied enterprise files a tax return for the business year (excluding the business year in which it is possible to confirm whether the requirements are satisfied based on the letter of confirmation of the Minister of Oceans and Fisheries submitted under paragraph (5)) which belongs to the period for the application of the special case for calculating a tax base under the main sentence of Article 104 - 10 (2) of the Act (hereafter in this Article, referred to as "special case - applied period"), it shall submit a detailed statement of requirements for a special case for calculating a tax base of corporate tax for shipping enterprises in the form prescribed by Ordinance of the Ministry of Strategy and Finance, accompanied by a letter of confirmation issued by the Minister of Oceans and Fisheries as to whether it satisfies the requirements under paragraph (1), to the head of a tax office having jurisdiction over the place of tax payment. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21545, Jun. 19, 2009; Presidential Decree No. 24441, Mar. 23, 2013>

(7) When a special case - applied enterprise is to renounce the application of the special case for calculating a tax base under the proviso to Article 104 - 10 (2) of the Act, it shall file an application for renunciation of the special case for calculating a tax base in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of payment, by a deadline for filing the tax return of the first business year in which it intends to have the special case for calculating a tax base not applied. <Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009>

(8) Where a special case - applied enterprise becomes subject to the Corporate Tax Act instead of the special case for calculating a tax base because the special case - applied period has ended or it fails to meet the requirement provided for in paragraph (1) or has renounced the application of the special case for calculating a tax base under the proviso to Article 104 - 10 (2) of the Act, it shall calculate the income for each business year deeming that it has been subject to the Corporate Tax Act continuously even during the special case - applied period: Provided, That, for the purposes of the following provisions of the Corporate Tax Act, the following relevant calculation method shall apply: <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21545, Jun. 19, 2009 >

1. For the purposes of Article 19 - 2 of the Corporate Tax Act, where the reasons of incapable of collecting bonds, which are bad debt expenses under Article 19 - 2 (1) of the same Act, listed under Article 19 - 2 (1) of the Enforcement Decree of the Corporate Tax Act, arise during the special case - applied period, bad debt expenses shall be deemed included in the deductible expenses of the business year in which the relevant reason has arisen, notwithstanding the provisions of Article 19 - 2 (3) of the same Act;
2. For the purposes of Article 23 of the Corporate Tax Act, Article 30 of the Enforcement Decree of the Corporate Tax Act shall apply mutatis mutandis to calculating the depreciation limit amount under Article 23 (1) of the Corporate Tax Act. In such cases, when fixed assets differently classified in each subparagraph of Article 26 (1) of the Enforcement Decree of the Corporate Tax Act or fixed assets, the standard durable years according to classifications by assets and types of business under Article 28 (1) 2 of the Enforcement Decree of the same Act which are different, are newly acquired during the special case - applied period, notwithstanding the provisions of Articles 26 (3) and 28 (3) of the Enforcement Decree of the same Act, a report on methods of depreciation or a report on durable years about the relevant assets may be submitted to the head of a tax office having jurisdiction over the place of tax payment (including submittal through the Home Tax Service Network), by a deadline for a tax return of corporate tax for the first business year subject to application of the Corporate Tax Act;
3. For the purposes of Article 33 of the Corporate Tax Act, the accumulated amount of reserve for retirement benefits under Article 60 (2) of the Enforcement Decree

of the Corporate Tax Act, shall be calculated, deeming that the amount equivalent to that exceeding the ceiling of inclusion in the deductible expenses for retirement benefits reserve each business year calculated according to Article 60 (1) through (3) of the Enforcement Decree of the Corporate Tax Act, is included in deductible expenses as the reserve for retirement benefits of the corresponding business year, during the special case - applied period;

4. For the purposes of Articles 13 and 34 of the Corporate Tax Act and Article 144 of this Act, the following items shall be complied with: Provided, That where the relevant corporation prepares the documents prescribed by Ordinance Ministry of Strategy and Finance, such as tax adjustment calculation under Article 60 (2) 2 of the Corporate Tax Act with regards to the special case - applied period and submits them to the head of a tax office having jurisdiction over the place of tax payment, along with reports under Article 60 (1) of the same Act, by a deadline for filing a tax return of the first business year subject to application of the Corporate Tax Act, it is deemed that the Corporate Tax Act continues on applying to the special case - applied period and Articles 13 and 34 of the Corporate Tax Act and Article 144 of this Act shall apply:

(a) For the purposes of Article 13 of the Corporate Tax Act, notwithstanding the provisions of subparagraph 1 of the same Article, it shall be deemed that there is no balance of the deficit carried forward under Article 18 (1) of the Enforcement Decree of the same Act as at the date the special case - applied period ends;

(b) For the purposes of Article 34 of the Corporate Tax Act, notwithstanding the provisions of paragraph (4) of the same Article, the balance of allowance for bad debt as at the date the business year immediately before the year subject to the special case for calculating the tax base ends, shall be included in gross income, when calculating the amount of income for the first business year subject to application of the Corporate Tax Act;

(c) For the purposes of Article 144 of this Act, notwithstanding the provisions of paragraph (1) of the same Article, the un - deducted amount transferred under the same paragraph as at the date the special case - applied period ends shall be deemed nil.

(9) A special case - applied enterprise shall divide the shipping income and non - shipping income and keep separate account thereof; and the gross income and

deductible expenses applied to both shipping income and non - shipping income, shall be calculated pro rata, as prescribed by Ordinance of the Ministry of Strategy and Finance. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 104 - 8 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 104 - 9 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 104 - 10 (Special Taxation for Credit Rehabilitation Services Companies)

When a corporation intending to be eligible under Article 104 - 12 (1) of the Act, files a tax return for the business year in which loss reserves are included in the deductible expenses or gross income, it shall submit a detailed statement of loss reserves in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

Article 104 - 11 (Scope of Confucian Schools and Religious Organizations Eligible for Special Taxation of Gross Real Estate Tax)(1) "Individual Confucian school or an individual religious organization prescribed by Presidential Decree" in the fore part of

Article 104 - 13 (1) of the Act means an individual Confucian school defined under Article 5 (1) 3 of the Enforcement Decree of the Act on the Registration of Real Estate under Actual Titleholder's Name or an affiliate religious organization defined under Article 5 (1) 2 of the same Decree.

(2) "Religious organization prescribed by Presidential Decree" in the fore part of Article 104 - 13 (1) of the Act means any religious organization defined under Article 5 (1) 1 of the Enforcement Decree of the Act on the Registration of Real Estate under Actual Titleholder's Name.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 104 - 12 (Method of Calculating Tax Amount of Special Provisions on Taxation of Gross Real Estate Tax on Confucian Schools and Religious Organizations)(1) Where

an individual organization reports the gross real estate tax for house under Article 104 - 13 (1) of the Act, the "total amount of tax amount imposed as property tax for

house" in the arithmetic formula in Article 4 - 2 of the Enforcement Decree of the Gross Real Estate Tax Act shall include the property tax for house which should have been imposed deeming that the individual organization possesses the house in question.

(2) Where an individual organization reports the gross real estate tax for land under Article 104 - 13 (1) of the Act, the "total amount of tax amount imposed as property tax for land, which is the object of composite cumulative taxation" in the arithmetic formula in Article 5 - 3 (1) of the Enforcement Decree of the Gross Real Estate Tax Act or the "total amount of tax amount imposed as property tax for land, which is the object of separate cumulative taxation" in the arithmetic formula in Article 5 - 3 (2) of the same Decree shall include the property tax for land which should have been imposed deeming that the individual organization possesses the land in question.

(3) Where the Confucian school foundation, etc. report the gross real estate tax for house deeming that they do not possess the house in question under Article 104 - 13 (3) of the Act, the "total amount of tax amount imposed as property tax for house" in the arithmetic formula in Article 4 - 2 of the Enforcement Decree of the Gross Real Estate Tax Act shall be the property tax for house which should have been imposed deeming that the Confucian school foundation, etc. do not possess the house in question.

(4) Where the Confucian school, etc. report the gross real estate tax for land deeming that they do not possess the land in question under Article 104 - 13 (3) of the Act, the "total amount of tax amount imposed as property tax for land, which is the object of composite cumulative taxation" in the arithmetic formula in Article 5 - 3 (1) of the Enforcement Decree of the Gross Real Estate Tax Act or the "total amount of tax amount imposed as property tax for land, which is the object of separate cumulative taxation" in the arithmetic formula in Article 5 - 3 (2) of the same Decree shall be the property tax for land which should have been imposed deeming that the Confucian school foundation, etc. do not possess the land in question.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 104 - 13 (Report on Special Cases of Taxation of Gross Real Estate Tax for Confucian Schools and Religious Organizations)(1) The individual organization and Confucian school foundation, etc. that intend to report under Article 104 - 13 (1) and

(3) of the Act shall submit a report of special taxation of gross real estate tax of Confucian school and religious organization prescribed by Ordinance of the Ministry of Strategy and Finance, written permission for modification of articles of incorporation of Confucian school foundation from the competent authority under Article 45 (3) of the Civil Act, articles of incorporation and meeting minutes of the board of directors of Confucian school foundation, etc., other papers proving that the house in question or the land in question is actually possessed by the individual organization in addition to the papers under subparagraphs of Article 8 (2) of the Enforcement Decree of the Gross Real Estate Tax Act between September 16 through September 30 of the year concerned to the head of tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009 >

(2) Where there is no change in the proprietary relations of the house in question or land in question from the year next to the year when report under Article 104 - 13 (1) and (3) of the Act was made for the first time, the papers proving that the house in question or the land in question is actually possessed by the individual organization except for the report of special taxation of gross real estate tax of Confucian school and religious organization under paragraph (1) may not be submitted.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 104 - 14 (Application, etc. for Tax Credit for Third Party Logistics Expenses)

A person who intends to be granted a deduction of income tax or corporate tax under Article 104 - 14 (1) and (2) of the Act, shall submit an application for tax deduction in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of tax office having jurisdiction over the place of tax payment, along with his/her tax return.<Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 104 - 15 (Special Taxation for Investment in Development of Overseas Resources)

(1) "Contributions prescribed by Presidential Decree" in Article 104 - 15 (1) 2 of the Act means contribution to a foreign corporation meeting all the following requirements which occupies at least 10/100 of the total number of issued stocks or total amount of contribution, or contribution where an executive or employee of an overseas resources development business operator under the main sentence of the

part, other than subparagraphs of Article 104 - 15 (1) of the Act, is dispatched as an executive of the foreign corporation: <Amended by Presidential Decree No. 22583, Dec. 30, 2010 >

1. That the overseas resources development business operator under subparagraph 4 of Article 2 of the Overseas Resources Development Business Act shall have a mining right or mining right by lease to the mining area (hereafter referred to as "relevant mining area" in this Article) of the business reported under Article 5 of the same Act;

2. That it shall have been established for the purpose of development and operation of the relevant mining area.

(2) "Investment prescribed by Presidential Decree pursuant to Article 3 (1) 18 (a) of the Foreign Exchange Transactions Act" in Article 104 - 15 (1) 3 of the Act means any of the following investment: <Amended by Presidential Decree No. 22953, Jun. 3, 2011 >

1. Investment for participating in the capital increase of a foreign subsidiary (referring to a foreign corporation in which a Korean resident directly invests 100/100 of the total number of issued stocks or the total amount of investment; hereinafter the same shall apply in this Article) owned by a person with Korean nationality;

2. Investment for lending money to a foreign subsidiary owned by a Korean resident with a redemption period of at least five years;

3. Investment made by an overseas resources development project operator jointly with a national under subparagraph 1 or 2 to lend money to a foreign subsidiary owned by a Korean resident with a redemption period of at least five years.

(3) The investment or contribution for the development of mineral resources of an overseas resources developer when Article 104 - 15 (1) of the Act is applied shall be limited to the amount of mining right or concession acquired or being held as prescribed in subparagraphs of Article 104 - 15 (1) of the Act, which shall be calculated by multiplying the total investment (limited to the amount of mining right or concession) by the investment ratio of each overseas resources developer in cases under paragraph (2) 3. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

(4) The amount calculated by multiplying the deducted tax amount by the period in subparagraph 1 and the rate in subparagraph 2 shall be the additional amount equivalent to interest under Article 104 - 15 (2) of the Act:

1. Period from the day next to the day of a report of a tax base in the taxable year in which deduction was granted until the day of a report of a tax base of the taxable year in which the reason in Article 104 - 15 (2) of the Act occurred;

2. 3/10,000 per day.

(5) Those who intend to have Article 104 - 15 (1) of the Act applied shall submit an application for tax deduction and a report of investment in the overseas resources development prescribed by Ordinance of the Strategy and Finance together with a report of a tax base to the head of a tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009>

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 104 - 16 (Special Taxation for Financial Soundness of Universities and Colleges)

(1) "Primary assets for profit - making prescribed by Presidential Decree" in the former part of Article 104 - 16 (1) of the Act, means land and buildings among the basic assets for profit - making under Article 7 of the Regulations on the Establishment and Operation of Universities and Colleges.

(2) "Acquiring another primary assets for profit - making within one year from the date of transfer" in the former part of Article 104 - 16 (1) of the Act, includes acquiring another basic assets for profit - making after the end of the business year in which the previous basic assets for profit - making are disposed of.

(3) "Amount calculated by the formula prescribed by Presidential Decree" in the former part of Article 104 - 16 (1) of the Act, means the amount calculated by multiplying the amount in subparagraph 1 by the rate in subparagraph 2:

1. The disposal price of basic assets for profit - making being disposed of - (book value of the basic assets for profit - making being disposed of + deficit carried - forward under subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of immediately previous business year);

2. Rate of acquisition price of basic assets for profit - making being acquired, to the disposal price of basic assets for profit - making being disposed of (limited only to 100/100).

(4) For the purposes of paragraph (3), where another basic assets for profit - making has not been acquired by the end of business year in which the previous basic assets

for profit - making are transferred, the price of asset scheduled for acquisition (hereafter in this Article, referred to as "price of asset scheduled for acquisition") may be the price of basic assets for profit - making being acquired.

(5) "Amount calculated as prescribed by Presidential Decree" in the former part of Article 104 - 16 (2) of the Act, means the whole of the amount (referring to the amount exceeding the amount calculated under paragraph (3) on the basis of actual acquisition price where an asset with a value less than the price of asset scheduled for acquisition has been acquired) that has not been included in the profit under paragraph (3).

(6) An educational foundation that intends to be eligible under Article 104 - 16 (1) of the Act, shall submit the details of transfer gains and statement of split profit, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of tax office having jurisdiction over the place of tax payment, along with a tax return of the business year in which the basic assets for profit - making are transferred.

[<Amended by Presidential Decree No. 20720, Feb. 29, 2008>](#)

(7) When basic assets for profit - making is acquired after having paragraph (4) applied, a report of completion of acquisition in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with a tax return of the business year in which such assets are acquired, shall be submitted to the head of tax office having jurisdiction over place of tax payment. [<Amended by Presidential Decree No. 20720, Feb. 29, 2008>](#)

[\[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008\]](#)

Article 104 - 17 (Tax Credits for Specific Educational Expenses, etc. of University or

College)(1) "School prescribed by Presidential Decree" in Article 104 - 18 (1) of the Act, means any school defined in Article 2 (1) 3 or 4 of the Enforcement Decree of the Industrial Education Enhancement and Industry - Academia - Research Cooperation Promotion Act. [<Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016>](#)

(2) "Facilities for research and human resources development prescribed by Presidential Decree" in Article 104 - 18 (2) of the Act, means the facilities for research and experimenting for the purpose of research and development prescribed by Ordinance of the Ministry of Strategy and Finance, and the facilities for vocational

training for the purpose of development of human resources prescribed by Ordinance of the Ministry of Strategy and Finance.

(3) "Prior employment contract, etc. prescribed by Presidential Decree" in Article 104 - 18 (4) of the Act, means any of the following contracts:<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24441, Mar. 23, 2013>

1. For hiring the students of a high school, etc. aligned to industry demand, a special contract defined in subparagraph 5 (b) of Article 2 of the Vocational Education and Training Promotion Act and concluded with the relevant school, which meets each of the following requirements (hereafter in this Article, referred to as "contract for vocational education and training aligned to industry demand"):

(a) The curriculum of vocational education and training aligned to industry demand prescribed by the Minister of Education, must be established in the high school, etc. aligned to industry demand;

(b) On - the - spot training must be performed in excess of the period prescribed by the Minister of Education to the students of the high school, etc. aligned to industry demand, at the production facility or place of business of the relevant national;

(c) Terms and conditions of hiring those who complete the curriculum of vocational education and training aligned to industry demand, must be included;

(d) A contract for vocational education and training aligned to industry demand, must be concluded using the contract form prescribed by the Minister of Education, including the requirements. etc. provided for in items (a) through (c);

2. For hiring the students of a high school, etc. aligned to industry demand, a special contract defined in subparagraph 5 (b) of Article 2 of the Vocational Education and Training Promotion Act and concluded with the relevant school or a vocational education and training institute defined in subparagraph 2 of Article 2 of the Vocational Education and Training Promotion Act, which meets each of the following requirements (hereafter in this Article, referred to as "contract for vocational education and training for working interns"):

(a) The curriculum of vocational education and training for working interns prescribed by the Minister of Education, must be established in the high school, etc. aligned to industry demand or vocational education and training institutes;

- (b) On - the - spot training must be performed in excess of the period prescribed by the Minister of Education to the students of the high school, etc. aligned to industry demand, at the production facility or place of business of the relevant national;
- (c) Terms and conditions of hiring those who complete the curriculum of vocational education and training for working interns, must be included;
- (d) A contract for vocational education and training for working interns, must be concluded using the contract from prescribed by the Minister of Education, including the requirements. etc. provided for in items (a) through (c);
- (4) "Allowance prescribed by Presidential Decree" in the former part of Article 104 - 18 (4) of the Act, means training allowances, meal charges, textbook fees, or costs of materials for practical training paid to the students of the high schools, etc. aligned to industry demand who undergo vocational education and training upon concluding a contract referred to in each subparagraph of paragraph (1) during the training period (limited to those that do not constitute direct material costs out of the cost of manufacturing of the goods produced or manufactured by the relevant national).

[<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012>](#)

[\[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009\]](#)

Article 104 - 18 (Special Provisions concerning Taxation for Land Acquired by Housing Construction Business Operator)

(1) Those who intend to have Article 104 - 19 of the Act applied to themselves shall file a return prescribed by Ordinance of the Ministry of Strategy and Finance: Provided, That there are no changes in the filed matters from the year next to the year in which a return was filed for the first time, he/she may not file a return.

(2) The amount of gross real estate tax in Article 104 - 19 (3) of the Act means the amount obtained by subtracting the amount in subparagraph 2 from the amount in subparagraph 1:

1. Tax amount calculated by deeming the land concerned that has not been included in the object liable for summing up of tax base as prescribed in Article 104 - 19 (1) of the Act as the land included in the object liable for summing up of tax base of gross real estate tax in each taxable year;

2. Tax amount calculated by deeming the land concerned that has not been included in the object liable for summing up of tax base as prescribed in Article 104 - 19 (1) of the Act as the land excluded from the object liable for summing up of tax base of gross real estate tax in each taxable year.

(3) The additional amount equivalent to interest in Article 104 - 19 (3) of the Act means the amount calculated by multiplying the amount of gross real estate tax under paragraph (2) by the period under subparagraph 1 and by the rate under subparagraph 2:

1. Period from the day next to the deadline for payment in each taxable year that has been reported under Article 104 - 19 (2) of the Act until the day when the tax amount to be collected additionally as prescribed in Article 104 - 19 (3) of the Act is notified;

2. 3/10,000 per day.

[\[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009\]](#)

Article 104 - 19 (Special Taxation for Corporate Tax on Consolidation of Korea National Housing Corporation and Korea Land Corporation)

(1) The amount to be included in deductible expense as prescribed in Article 104 - 21 (1) of the Act, shall be an amount deemed profit dividends or surpluses distributed, calculated as prescribed in Article 16 (1) 5 of the Corporate Tax Act. In such cases, such amount shall be recognized as the advanced depreciation provision of the relevant stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.").

(2) The advanced depreciation provision recognized as prescribed in paragraph (1), shall be included in the gross income in the business year in which the stockholders, etc. of the Korea National Housing Corporation or the Korea Land Corporation dispose of the stocks of the Korea Land and Housing Corporation acquired in compensation for the merger, however, where some of such stocks, etc. are disposed of, an amount calculated by the following formula shall be included in the gross income:

Advanced depreciation provision × (Number of stocks, etc. disposed of among the stocks, etc. of the Korea Land and Housing Corporation acquired in compensation for the merger ÷ Number of stocks, etc. of the Korea Land and Housing Corporation acquired in compensation for the merger)

(3) Deleted. <by Presidential Decree No. 25945, Dec. 30, 2014>

(4) A domestic corporation that intends to be eligible under Article 104 - 21 (1) of the Act, shall submit a statement of adjustment of inclusion in deductible expense of an amount equivalent to deemed dividends, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when it files a tax return under Article 60 of the Corporate Tax Act.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

Article 104 - 20 (Special Taxation for Establishment and Operation of Corporate Sport

Teams)(1) "Sport team for any event prescribed by Presidential Decree" in Article 104 - 22 (1) of the Act, means a sport team for athletics, table tennis, judo, cycling, rugby, skiing, horse - riding, ice - hockey, fencing, Taekwondo, rowing, canoe, modern pentathlon, wrestling, archery, shooting, tennis, handball, weight - lifting, boxing, skating, gymnastics, swimming, hockey, badminton, sepaktakraw, bobsleigh, skeleton, curling, triathlon, biathlon, squash, footfall (limited to an woman sport team), soft - tennis, sailing, bowling, Wushu, Karate - do, luge, Kabaddi, or cricket, which satisfies each of the following requirements that: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. A player shall be registered with a sport organization affiliated with The Korea Sports Council under Article 33 of the National Sports Promotion Act or the Korea Sports Association for the Disabled under Article 34 of the same Act;
2. The number of players per sport events shall be at least the fixed number of the relevant event;
3. A sport instructor per sport event shall be at least one.

(2) "Sport team for persons with disabilities prescribed by Presidential Decree" in Article 104 - 22 (2) of the Act, means a sport team for an event for which a sport organization affiliated with the Korea Sports Association for the Disabled exists, which satisfies each of the requirements prescribed under paragraph (1). <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

(3) "Expenses prescribed by Presidential Decree" in Article 104 - 22 (1) or (2) of the Act, means: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Personnel expenses for players, managers, and coaches belonging to a sport team and persons who directly support the operational affairs of the sport team;
2. Expenses prescribed by Ordinance of the Ministry of Strategy and Finance and incurred in operating a sport team, such as tournament participation expenses and expenses incurred in purchasing training equipment.

(4) A domestic corporation which seeks the benefit of Article 104 - 22 (1) or (2) of the Act, shall file a tax return and an application for tax credits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of a tax office having jurisdiction over the place of tax payment. <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(5) "Requirements prescribed by Presidential Decree concerning the composition, etc. of sport teams" in Article 104 - 22 (4) of the Act, means the requirements prescribed under paragraph (1). <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

(6) "Equivalent to the interest calculated as prescribed by Presidential Decree" in Article 104 - 22 (4) of the Act, means an amount calculated by multiplying the amount of tax deducted under Article 104 - 22 (1) or (2) of the Act, by the period under subparagraph 1 and the rate under subparagraph 2: <Amended by Presidential Decree No. 25211, Feb. 21, 2014>

1. Period from the day following the end of the taxable year in which deduction is granted, until the end of the taxable year in which a ground for payment arises;
2. 3/10,000 per day.

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

Article 104 - 21 (Tax Reductions or Exemptions for Overseas Korean Enterprises on their Return to Korea)

(1) "Person prescribed by Presidential Decree, including a Korean national" in Article 104 - 24 (1) of the Act, means a Korean national (including an overseas Korean entitled to stay as overseas Korean under Article 5 of the Act on the Immigration and Legal Status of Overseas Koreans) or a corporation incorporated under the law of the Republic of Korea (including a foreign - capital - invested company defined in subparagraph 6 of Article 2 of the Foreign Investment Promotion Act) who owns an overseas place of business operated continuously by him/her for at least two years, or takes de facto control over it, as prescribed by Ordinance of the Ministry of Strategy and Finance; and a person who relocates

his/her place of business to the Republic of Korea pursuant to Article 104 - 24 (1) 1 of the Act, shall meet one of the following requirements that: <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 27848, Feb. 7, 2017>

1. The person shall transfer or close his/her overseas place of business within four years from the date he/she commences a business by incorporating a business or establishing a new place of business in an area outside the over - concentration control region of the Seoul Metropolitan area;
2. The person shall incorporate a business or establish a new place of business in an area outside the over - concentration control region of the Seoul Metropolitan area within one year from the date he/she has transferred or closed his/her overseas place of business.

(2) Where a place of business is relocated or returned to the Republic of Korea pursuant to Article 104 - 24 (1) of the Act, the line of trade operated in the place of business before so relocating or returning shall be same as the line of trade operated in the place of business after so relocating or returning, based on the subdivision under the Korean Standard Industrial Classification. <Amended by Presidential Decree No. 24368, Feb. 15, 2013>

(3) "Middle - standing enterprise prescribed by Presidential Decree" in the main sentence of Article 104 - 24 (1) 2 of the Act, means a middle - standing enterprise provided for in Article 10 (1). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(4) "Partial downsizing prescribed by Presidential Decree, including reduction of manufacturing output" in the proviso to Article 104 - 24 (1) 2 of the Act, means where an enterprise reduces its production from its overseas place of business by at least 50/100 in compliance with the guidelines referred to in Article 7 (1) 2 of the Act on Assistance to Korean Off - Shore Enterprises in Repatriation subject to confirmation by the Minister of Trade, Industry and Energy. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(5) "Overseas" in Article 104 - 24 (1) of the Act, includes the Gaeseong Industrial District defined in subparagraph 1 of Article 2 of the Act on the Support of Gaeseong Industrial District. <Newly Inserted by Presidential Decree No. 27127, May 10, 2016>

(6) "Where the national fails to commence a business by relocating or returning the overseas place of business to the Republic of Korea, as prescribed by Presidential Decree" in Article 104 - 24 (4) 2 of the Act, means where the national fails to meet the requirements prescribed under paragraph (1). <Amended by Presidential Decree No. 24368, Feb. 15, 2013 >

(7) The amount of tax payable under Article 104 - 24 (4) of the Act, is the full amount of the income tax or corporate tax reduced or exempted under Article 104 - 24 (2) or (3) of the Act. <Amended by Presidential Decree No. 24368, Feb. 15, 2013 >

(8) A person who intends to be eligible under Article 104 - 24 (1) through (3) of the Act, shall file an application for tax reduction or exemption and a statement of calculation for tax reduction or exemption in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 24368, Feb. 15, 2013 >

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

Article 104 - 22 (Tax Credits for Electronic Commerce of Petroleum Products)(1)

"Electronic payment network prescribed by Presidential Decree" in the main sentence of Article 104 - 25 (1) of the Act, means the electronic payment network for petroleum products operated by the Korea Exchange under Article 15 of the Addenda to the Financial Investment Services and Capital Markets Act (Act No. 11845). <Amended by Presidential Decree No. 24697, Aug. 27, 2013; Presidential Decree No. 27848, Feb. 7, 2017 >

(2) "Petroleum refiner or any other person prescribed by Presidential Decree" in the main sentence of Article 104 - 25 (1) of the Act, means the following persons: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

1. Persons who supply petroleum products: The following persons:

- (a) Petroleum refiners defined in subparagraph 7 of Article 2 of the Petroleum and Alternative Fuel Business Act;
- (b) Petroleum exporters defined in subparagraph 8 of Article 2 of the Petroleum and Alternative Fuel Business Act;
- (c) General distributors defined in subparagraph 1 of Article 2 of the Enforcement Decree of the Petroleum and Alternative Fuel Business Act (excluding where

they supply petroleum products to general distributors referred to in subparagraph 2 (a) through the electronic payment network for petroleum products provided for in paragraph (1));

2. Persons supplied with petroleum products: The following persons:

(a) General distributors defined in subparagraph 1 of Article 2 of the Enforcement Decree of the Petroleum and Alternative Fuel Business Act (excluding where they are supplied with petroleum products from general distributors referred to in subparagraph 1 (c) through the electronic payment network for petroleum products provided for in paragraph (1));

(b) Gas stations defined in subparagraph 3 of Article 2 of the Enforcement Decree of the Petroleum and Alternative Fuel Business Act;

(c) General retailers defined in subparagraph 4 of Article 2 of the Enforcement Decree of the Petroleum and Alternative Fuel Business Act.

(3) Any person who intends to be granted a tax credit of income tax or corporate tax under Article 104 - 25 of the Act, shall file his/her tax return and an application for tax credit in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment.

[This Article Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012]

Article 104 - 23 (Inclusion of Claims in Deductible Expenses Following Revocation of Authorization for Establishment, etc. of Rearrangement Project Associations)

"Where the constructor, etc. renounces all claims against the association, etc., as prescribed by Presidential Decree" in Article 104 - 26 (1) 2 of the Act, means where such constructor, etc. submits his/her tax return and a certification of renouncement of claims, in which the following matters are stated, to the head of a tax office having jurisdiction over the place of tax payment. In such cases, the designer, constructor, or specialized manager of a rearrangement project shall be deemed to have declared his/her intention to exempt the association, etc. from claims, and the head of the competent tax office in receipt of the certificate shall immediately forward a copy of such certificate to the head of the competent Si/Gun/Gu: <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. Amount of claims and the relevant evidentiary documents;
2. Details of the renouncement of claims;
3. Matters prescribed by Municipal Ordinance of a City/Do pursuant to Article 16 - 2 (7) 3 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 104 - 24 (Special Taxation on Dividend Income from Stocks of High Dividend Companies)(1) "Corporation prescribed by Presidential Decree, based upon the dividend payout ratio, the dividend yield ratio, the growth rate of total dividends, etc., among listed corporations under the Financial Investment Services and Capital Markets Act" in Article 104 - 27 (1) of the Act, means any of the following corporations (hereafter in this Article, referred to as "listed corporation") whose stocks are listed pursuant to the Financial Investment Services and Capital Markets Act (excluding any investment company defined in Article 9 (18) 2 of the Financial Investment Services and Capital Markets Act, ship investment company incorporated under the Ship Investment Company Act, corporate restructuring investment company incorporated under the Corporate Restructuring Investment Companies Act, and real estate investment trust incorporated under the Real Estate Investment Company Act; hereafter in this Article, referred to as "high dividend company"):

1. A corporation in whose case the dividend payout ratio and the dividend yield ratio are at least 120/100 of the average dividend payout ratio and the average dividend yield ratio, respectively, publicly notified by market under paragraph (7) and the growth rate of total dividends is at least 10/100;
2. A corporation in whose case the dividend payout ratio and the dividend yield ratio are at least 50/100 of the average dividend payout ratio and the average dividend yield ratio, respectively, publicly notified under paragraph (7) and the growth rate of total dividends is at least 30/100.

(2) The dividend payout ratio, the dividend yield ratio, and the growth rate of total dividends referred to in paragraph (1), shall be calculated by the following formulas, respectively. If the dividend payout ratio calculated by the formula of subparagraph 1 is negative or at least ten times the average dividend payout ratio publicly notified under paragraph (7), the ratio shall be deemed zero:

1. The dividend payout ratio:

$$\frac{(\text{Dividends for the relevant business year} + \text{Dividends for the immediately preceding business year} + \text{Dividends for the second immediately preceding business year})}{(\text{Net profit for the relevant business year} + \text{Net profit for the immediately preceding business year} + \text{Net profit for the second immediately preceding business year})}$$

2. The dividend yield ratio: $\{(\text{Dividend per share for the relevant business year} \div \text{Stock price for the relevant business year}) + ((\text{Dividend per share for the immediately preceding business year} \div \text{Stock price for the immediately preceding business year}) + (\text{Dividend per share for the second immediately preceding business year} \div \text{Stock price for the second immediately preceding business year}))\} \div 3$

3. The growth rate of total dividends: Either of the following formulas:

(a) Where the dividend for the preceding business year is greater than the average dividend for the immediately preceding three business years:

$$\frac{(\text{Dividends for the relevant business year} - \text{Dividends for the immediately preceding business year})}{\text{Dividends for the immediately preceding business year}}$$

(b) Where the dividend for the immediately preceding business year is less than the average dividend for the immediately preceding three business years:

$$\frac{(\text{Dividends for the relevant business year} - \text{Dividends for the immediately preceding three business years})}{\text{Dividends for the immediately preceding three business years}}$$

(3) Notwithstanding paragraphs (1) and (2), a corporation newly listed on the securities market under the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "securities market") or a corporation that has not paid dividends for the immediately preceding three business years (hereafter in this Article, referred to as "newly listed corporation, etc."), shall be deemed a high dividend company, only if it meets each of the following requirements:

1. The dividend payout ratio of a newly listed corporation, etc., as calculated by the following formula, shall be at least 130/100 of the average dividend payout ratio publicly notified under paragraph (7) (if the dividend payout ratio is negative or at least ten times the average dividend payout ratio publicly notified under paragraph (7), it shall be deemed zero):

Dividends for the relevant business year ÷ Net profit for the relevant business year

2. The dividend payout ratio of a newly listed corporation, etc., as calculated by the following formula, shall be at least 130/100 of the average dividend payout ratio publicly notified under paragraph (7):

Dividend per share for the relevant business year ÷ Stock price for the relevant business year

(4) Notwithstanding paragraphs (1) through (3), the standards for determining whether a corporation in which case four business years have not passed since it was newly listed on the securities market is a high dividend company, shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(5) The dividends referred to in the formulas prescribed in paragraphs (2) 1 and 3 and (3) 1, mean the dividends of a listed corporation, which are the sum of dividends paid in cash, out of interim dividends provided for in Article 462 - 3 of the Commercial Act (hereafter in this Article, referred to as "interim dividends"), quarterly dividends provided for in Article 165 - 12 of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "quarterly dividends"), and dividends paid after the end of each business year by appropriating retained earnings (hereafter in this Article, referred to as "year - end dividends"); and the dividend per share referred to in the formulas prescribed in paragraphs (2) 2 and (3) 2, mean the dividend of a listed corporation, which is a dividend paid in cash for each common share of stock in the manner prescribed by Ordinance of the Ministry of Strategy and Finance (including interim dividends, quarterly dividends, and year - end dividends).

(6) The standards for calculating the net profit, stock prices, etc. referred to in the formulas prescribed in paragraphs (2) 1 and 2 and (3) 1 and (2), shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(7) The Korea Exchange deemed to have obtained permission for a stock exchange under Article 15 (1) of the Addenda to the Financial Investment Services and Capital Markets Act (Act No. 11845), shall publicly notify the average dividend payout ratio and the average dividend yield ratio respectively, as calculated by the formulas prescribed by Ordinance of the Ministry of Strategy and Finance, for each of the following markets, by no later than September 30 each year, as prescribed by Ordinance of the Ministry of Strategy and Finance:

1. The Korea New Exchange (KONEX) provided for in Article 11 (2) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act;
2. The securities market provided for in Article 176 - 9 (1) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act;
3. The KOSDAQ provided for in Article 8 of the Addenda to the Enforcement Decree of the Financial Investment Services and Capital Markets Act (Presidential Decree No. 24697).

(8) "Dividend income prescribed by Presidential Decree" in Article 104 - 27 (1) of the Act, means the dividend income paid in cash, out of the year - end dividends distributed by the relevant high dividend company for a business year.

(9) and (10) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

(11) If stocks of a high dividend company are deposited with an investment trader defined in Article 8 (2) of the Financial Investment Services and Capital Markets Act (hereafter in this paragraph, referred to as "investment trader") or an investment broker defined in Article 8 (3) of the same Act (hereafter in this paragraph, referred to as " investment broker"), the high dividend company shall give notice of a statement of its dividend payments to the investment trader or investment broker to whom trading is entrusted by a stock holder, directly or through the Korea Securities Depository established under Article 294 of the Financial Investment Services and Capital Markets Act, immediately after passing a resolution on the distribution of dividends.<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

(12) Deleted.<by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 104 - 25 (Special Taxation for 2018 PyeongChang Olympic and Paralympic Winter Games)

"Foreign corporations prescribed by Presidential Decree" in Article 104 - 28 (1) 4 of the Act, means the following:<Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. The International Sports Federation or the International Sports Federation of the Disabled for each Olympic sport;
2. The World Anti - Doping Agency;
3. The Court of Arbitration for Sport;

4. The Olympic cultural heritage foundation, the broadcast marketing company, and Olympic channel service company established by the International Olympic Committee;
5. Organizations established by the International Paralympic Committee to promote and support sports activities of persons with disabilities;
6. Business entities that use the emblem of the International Olympic Committee under a contract entered into with the International Olympic Committee to measure the time and scores of each competition or to operate the information system for the management of competitions (limited to where they have no place of business in the Republic of Korea);
7. Rights Holding Broadcasters (RHBs) of the 2018 PyeongChang Olympic and Paralympic Winter Games.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

CHAPTER III INDIRECT NATIONAL TAXES

Article 105 (Application of Zero Rate of Value - Added Tax)(1) "Facilities prescribed by Presidential Decree" in Article 105 (1) 2 of the Act, means driving ranges.

(2) "Assisting devices for persons with disabilities (~omitted~) prescribed by Presidential Decree" in Article 105 (1) 4 of the Act, means the following: <Amended by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Artificial arms and legs;
2. Wheel chairs;
3. Hearing aids;
4. Braille boards and Braille pens;
5. Braille terminals for visually - impaired people;
6. Braille printers for visually - impaired people;
7. Bone - conducted telephones for hearing - impaired people;
8. Screen - reader software specially made for visually - impaired people;
9. Keyboards and mouse specially made for persons with physical disabilities;
10. Auxiliary devices (limited to those for arms, legs, spine, and pelvis);
11. Walking sticks for persons with physical disabilities;

12. Walking white sticks for visually - impaired people;
13. Artificial cochlea implants for hearing - impaired people;
14. Crutches;
15. Walkers for adults;
16. Goods for preventing pressure ulcers (limited to mattress, cushions, and beds);
17. Artificial larynx;
18. Diapers for persons with disabilities (including sanitary mats for persons with disabilities);
19. TV caption receivers and descriptive video service receivers (limited to those purchased by the State, local governments, or the Community Media Foundation established pursuant to Article 90 - 2 of the Broadcasting Act to supply them free of charge to visually - impaired or hearing - impaired people);
20. Sound captioning devices for hearing - impaired people;
21. Reading apparatus converting printed matters into sound for visually - impaired people;
22. Electronic page magnifiers for visually impaired people;
23. Voice book - readers for visually impaired people;
24. Deleted. <by [Presidential Decree No. 27848, Feb. 7, 2017](#)>

[This Article Wholly Amended by [Presidential Decree No. 23590, Feb. 2, 2012](#)]

Article 106 (Exemption, etc. from Value - Added Tax)(1) Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

(2) "Place of business prescribed by Presidential Decree" in Article 106 (1) 2 of the Act, means a place of business of a person who operates a route passenger transport business under the Passenger Transport Service Act. <[Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010](#)>

(3) "Services prescribed by Presidential Decree" in Article 106 (1) 3 of the Act, means the services for agricultural management and farming operations which are provided by an agricultural partnership established under Article 16 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities or an agricultural company established under Article 19 of the same Act as an agency, and the services for fishery management and fishing operations which are provided by a fishery partnership established under Article 16 of the Act on Fostering and

Supporting Agricultural and Fisheries Business Entities or a fisheries company established under Article 19 of the same Act as an agency.<Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20351, Oct. 31, 2007; Presidential Decree No. 20854, Jun. 20, 2008; Presidential Decree No. 21774, Oct. 8, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

(4) "National housing prescribed by Presidential Decree and services for the construction thereof" in Article 106 (1) 4 of the Act, means:<Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20290, Sep. 27, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22626, Jan. 17, 2011>

1. Housing not exceeding the scale provided for in Article 51 - 2 (3);
2. Construction services for the housing provided for in subparagraph 1, which are provided by persons registered under the Framework Act on the Construction Industry, the Electrical Construction Business Act, the Fire Services Act, the Information and Communications Construction Business Act, the Housing Act, the Sewerage Act, and the Act on the Management and Use of Livestock Excreta;
3. Design services for the housing provided for in subparagraph 1, which are provided by persons registered or reported under the Certified Architects Act, the Electric Technology Management Act, the Fire - Fighting System Installation Business Act, the Professional Engineers Act, and the Engineering Industry Promotion Act.

(5) "Remodeling services prescribed by Presidential Decree" in Article 106 (1) 4 of the Act, means any of the following remodeling services under the Housing Act, the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, and the Building Act, and it shall be limited to the remodeling of the housing which does not exceed the scale provided for in paragraph (4) 1 (excluding where the scale of the relevant housing after remodeling exceeds the scale provided for in paragraph (4) 1, and 130/100 of the scale of housing before remodeling):<Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20290, Sep. 27, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

1. Services provided by a person registered under the Framework Act on the Construction Industry, the Electrical Construction Business Act, the Fire - Fighting System Installation Business Act, the Information and Communications Construction Business Act, the Housing Act, the Sewerage Act, and the Act on the Management and Use of Livestock Excreta;
2. Design services used for the relevant remodeling, which are provided by a person registered under the Certified Architects Act.

(6) "General management services, security services, and cleaning services prescribed by Presidential Decree" in Article 106 (1) 4 - 2 through 4 - 4 of the Act, means: <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22254, Jul. 6, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27445, Aug. 11, 2016>

1. Security services and cleaning services provided by the managing entity or the custodian or operator of a welfare house for elderly persons defined in Article 32 (1) 3 of the Welfare of Older Persons Act (hereafter in this paragraph, referred to as "welfare house for elderly persons") respectively to multi - family housing or a welfare house for elderly persons, and general management services provided by the managing entity collecting the following expenses:

(a) In cases of multi - family housing subject to Article 23 of the Enforcement Decree of the Multi - Family Housing Management Act: General management expenses referred to in subparagraph 1 of attached Table 2 to the same Decree (excluding general management expenses if such expenses include management expenses referred to in subparagraphs 2 through 10 of attached Table 2 to the same Decree, and similar expenses);

(b) In cases of multi - family and welfare houses for elderly persons not subject to Article 23 of the Enforcement Decree of the Multi - Family Housing Management Act: Expenses equivalent to general management expenses referred to in item (a);

2. Security services that a security business operator provides to multi - family housing or a welfare house for elderly persons, or provides to multi - family housing or a welfare house for elderly persons under an outsourcing contract with the managing entity or the custodian or operator of the welfare house for elderly persons;

3. Cleaning service that a cleaning contractor provides to multi - family housing or a welfare house for elderly persons, or provides to multi - family housing or a welfare house for elderly persons under an outsourcing contract with the managing entity or the custodian or operator of the welfare house for elderly persons.

(7) "Organization performing governmental affairs prescribed by Presidential Decree on behalf of the Government" in Article 106 (1) 6 of the Act, means any of the following organizations or institutions:<Amended by Presidential Decree No. 16574, Oct. 11, 1999; Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18373, Apr. 24, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20300, Sep. 28, 2007; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21263, Jan. 14, 2009; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21565, Jun. 26, 2009; Presidential Decree No. 21744, Sep. 21, 2009; Presidential Decree No. 22003, Jan. 27, 2010; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22085, Mar. 26, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 22605, Dec. 31, 2010; Presidential Decree No. 24271, Dec. 28, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27464, Aug. 29, 2016; Presidential Decree No. 27621, Nov. 29, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

1. A special post office established under the Special Post Offices Act;
2. A person entrusted with post office counter services pursuant to the Act on Entrustment of Services of Post Office Counters;
3. Deleted;<by Presidential Decree No. 16693, Jan. 10, 2000 >
4. The Korea Rural Community Corporation incorporated under the Korea Rural Community Corporation and Farmland Management Fund Act;
5. An agricultural cooperative, a corporation incorporated for a joint project of agricultural cooperatives, or the National Agricultural Cooperative Federation incorporated under the Agricultural Cooperatives Act (including the NongHyup Agribusiness Group incorporated under the same Act and its subsidiaries);
6. A fisheries cooperative, the National Federation of Fisheries Cooperatives, and a corporation incorporated for a joint project of cooperatives, and a fishing fraternity

- established under the Fisheries Cooperatives Act;
7. A tobacco producers ' cooperative and the National Federation of Tobacco Producers Cooperatives incorporated under the Tobacco Producers Cooperatives Act;
 8. Deleted; <by Presidential Decree No. 16693, Jan. 10, 2000 >
 9. An inspection agency of white and Taegeuk ginseng designated under the Ginseng Industry Act;
 10. The Korea Land and Housing Corporation incorporated under the Korea Land and Housing Corporation Act;
 11. The Korea Expressway Corporation incorporated under the Korea Expressway Corporation Act;
 12. The Human Resources Development Service of Korea incorporated under the Human Resources Development Service of Korea Act;
 13. Deleted; <by Presidential Decree No. 22037, Feb. 18, 2010 >
 14. The Korea Minting, Security Printing, and ID Card Operating Corporation incorporated under the Korea Minting and Security Printing and ID Card Operating Corporation Act;
 15. A forestry cooperative, National Federation of Forestry Cooperatives, and a forestry fraternity established under the Forestry Cooperatives Act;
 16. Deleted; <by Presidential Decree No. 16693, Jan. 10, 2000 >
 17. Deleted; <by Presidential Decree No. 17829, Dec. 30, 2002 >
 18. Deleted; <by Presidential Decree No. 17034, Dec. 29, 2000 >
 19. Deleted; <by Presidential Decree No. 22037, Feb. 18, 2010 >
 20. A wholesale market corporation, a market wholesaler, or an intermediary wholesaler dealing with unlisted items, who is designated by the founder of a wholesale market of agricultural and fishery products pursuant to the Act on Distribution and Price Stabilization of Agricultural and Fishery Products;
 21. A local corporation incorporated by a local government to perform the wholesale marketing of agricultural and fishery products pursuant to the Local Public Enterprises Act;
 22. A local government public corporation incorporated under Article 76 of the Local Public Enterprises Act;

- 22 - 2. A local corporation incorporated under Article 49 of the Local Public Enterprises Act, which meets each of the following requirements:
- (a) It shall be incorporated by the local government of a Si, a Gun, or an autonomous Gu;
 - (b) It shall be the only local corporation incorporated by the relevant local government, except the local corporation referred to in subparagraph 21;
 - (c) The relevant local government shall have no local government public corporation referred to in Article 22;
23. The Korea Agro - Fisheries and Food Trade Corporation incorporated under the Korea Agro - Fisheries and Food Trade Corporation Act;
24. The Korea Ship Safety Technology Authority incorporated under the Ship Safety Act;
25. and 26. Deleted; <by Presidential Decree No. 22037, Feb. 18, 2010 >
27. The Korea Communications Agency incorporated under Article 66 of the Radio Waves Act;
28. The Korea Occupational Safety and Health Agency incorporated under the Korea Occupational Safety and Health Agency Act;
29. and 30. Deleted; <by Presidential Decree No. 18176, Dec. 30, 2003 >
31. Deleted; <by Presidential Decree No. 16693, Jan. 10, 2000 >
32. A person who performs the duties of an enforcement officer pursuant to the Enforcement Officers Act;
33. A person who performs the duties of a notary public pursuant to the Notary Public Act;
34. Deleted; <by Presidential Decree No. 18176, Dec. 30, 2003 >
35. Deleted; <by Presidential Decree No. 19329, Feb. 9, 2006 >
36. The Korea Chamber of Commerce and Industry established under the Chambers of Commerce and Industry Act, the Korea Institute for Nuclear Safety established under the Korea Institute of Nuclear Safety Act, the Korean Film Council established under the Promotion of the Motion Pictures and Video Products Act, the Korea Creative Content Agency established under the Framework Act on the Promotion of Cultural Industries, and the Mine Reclamation Corporation established under the Mining Damage Prevention and Restoration Act;

37. The Korea Water Resources Corporation established under the Korea Water Resources Corporation Act;
38. Deleted; <by [Presidential Decree No. 21744, Sep. 21, 2009](#)>
39. A port authority established under Article 4 (2) of the Port Authority Act;
40. A concessionaire defined in subparagraph 7 of Article 2 of the Act on Public - Private Partnerships in Infrastructure that is established with at least 40/100 of its investment made jointly by any corporation that specializes in the construction and operation of roads which belong to the public sector defined in subparagraph 10 of Article 2 of the same Act and any financial investor who provides long - term investment funds;
41. The Korea Federation of SMEs established under the Small and Medium Enterprise Cooperatives Act;
42. Deleted; <by [Presidential Decree No. 23590, Feb. 2, 2012](#)>
43. A national tax payment agency designated under Article 46 - 2 of the Framework Act on National Taxes;
44. An organizing committee established under the International Athletic Games Support Act and recognized and publicly notified by the Minister of Strategy and Finance as necessary for efficient preparation and operation;
45. The Organizing Committee for the 2014 Asian Games - Incheon, the Organizing Committee for the 2014 Incheon Asian Para Games, and the Organizing Committee for the 2015 Gwangju Summer Universiade established under Article 3 of the Act on Assistance to the IAAF World Championships Daegu 2011, the 2013 World Rowing Championships Chungju, the 17th 2014 Incheon Asian Games, the 2014 Incheon Asian Para Games, and the 2015 Gwangju Summer Universiade;
46. The Construction Association of Korea, which is a constructors' organization established under Article 50 of the Framework Act on the Construction Industry;
47. The Korea Environment Corporation incorporated under the Korea Environment Corporation Act;
48. The Road Traffic Authority established under Article 120 of the Road Traffic Act;
49. Any person referred to in subparagraph 3 of Article 62 of the Enforcement Decree of the Local Accounting Act;

50. Deleted; <by Presidential Decree No. 24368, Feb. 15, 2013>

51. Deleted; <by Presidential Decree No. 25211, Feb. 21, 2014>

52. The Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games established under Article 5 of the Special Act on Support for the 2018 PyeongChang Olympic and Paralympic Winter Games;

53. The Organizing Committee for the 2010 Formula 1 Korean Grand Prix established under Article 4 of the Act on Assistance to the 2010 Formula 1 Korean Grand Prix;

54. The Organizing Committee for the 7th World Water Forum established under Article 3 of the Special Act on Assistance to the 7th World Water Forum;

55. The Korea 2015 6th Military World Games Organizing Committee established under Article 3 of the Act on Assistance to the 2015 Military World Games Korea;

56. A specialized agency entrusted with the duties related to contracts for the management and sale of electronic revenue stamps, etc. pursuant to Article 9 (2) of the Revenue Stamp Act.

(8) "Goods and services prescribed by Presidential Decree" in Article 106 (1) 6 of the Act, means goods or services supplied by any entity listed under paragraph (7) for its proper purpose business prescribed by Ordinance of the Ministry of Strategy and Finance: Provided, That the following shall be excluded, but subparagraph 7 shall be applied, notwithstanding subparagraph 1 of Article 45 of the Enforcement Decree of the Value - Added Tax Act: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18373, Apr. 24, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24638, Jun. 28, 2013>

1. Retail trade, food service activities, accommodations service activities, public bath business, and wedding chapel services;

2. Business activities provided for in Article 3 (2) of the Enforcement Decree of the Value - Added Tax Act;

3. Real estate renting and leasing;

4. Business operating the driving range, the skiing ground, or other sports facilities;

5. Water recreation services;

6. Business operating the amusement and park;

7. Business operating parking lots and business towing vehicles.

(9) "School facilities prescribed by Presidential Decree" in Article 106 (1) 8 of the Act, means basic educational facilities, support facilities, and research facilities among the school building facilities listed in attached Table 2 to Article 4 (1) of the Regulations on the Establishment and Operation of Universities and Colleges. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

(10) and (11) Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000>

(12) For the purposes of Article 105 (1) 1 through 3, 3 - 2, and 4 of the Act, and Article 106 (1) 1 and 4 of the Act, a preliminary or final return, or an early refund return based on the zero tax rate filed under the Value - Added Tax Act shall be accompanied by the following documents: <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008>

1. In cases falling under Article 105 (1) 1 through 3 and 3 - 2 of the Act, a certificate of supply issued by the head of an agency in receipt of goods or documents evidencing the provision of services;

2. In cases falling under Article 105 (1) 4 of the Act, the monthly total sales table in the form prescribed by Ordinance of the Ministry of Strategy and Finance;

3. In cases falling under Article 106 (1) of the Act, a certificate of tax - free supply in the form prescribed by Ordinance of the Ministry of Strategy and Finance;

4. Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000>

(13) A school meal supplier who provides meal services under an outsourcing contract for supplying meal services, which are exempt from the value - added tax under Article 106 (1) 2 of the Act, shall submit a certificate of the supply price of meal services as confirmed by the principal of the school supplied with the meal services, to the head of the tax office having jurisdiction over its place of business, at the time of filing a report on the status of a business place under Article 78 of the Income Tax Act (or a preliminary or final return on value - added tax under Articles 48 and 49 of the Value - Added Tax Act in cases of a school meal supplier who concurrently engages in business activities subject to value - added tax). <Newly Inserted by Presidential Decree No. 16431, Jun. 30, 1999; Presidential Decree No. 18704, Feb. 19,

2005; Presidential Decree No. 24638, Jun. 28, 2013>

(14) "Items prescribed by Presidential Decree" in Article 106 (1) 10 of the Act, means the following goods provided for in subparagraph 4 of Article 91 of the Customs Act:<Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21734, Sep. 21, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017>

1. Cerezyme and other medicines to be used by patients with Gaucher disease, and Lorenzo ' s oil and other medicines to be used by patients with adrenoleukodystrophy (ALD);
2. Heat - treated blood clotting - factor concentrates to be used by mentally or physically disabled persons due to hemophilia;
3. Medicines to be used for patients with muscular dystrophy;
4. Medicines to be used for patients with Wilson's disease;
5. Medicines to be used for mentally or physically disabled persons due to AIDS;
6. Medicines for dysphagia to be used for disabled persons to take in food;
7. Medicines to be used for treating patients with lymphoid hyperplasia caused by a complication of immunosuppressant after organ transplantation;
8. Nitisinone and other medicines to be used by patients with tyrosinemia;
9. Deleted;<by Presidential Decree No. 25211, Feb. 21, 2014>
10. Medicines and vaccines to be used for patients with swine influenza A (H1N1) (limited to those supplied or being supplied by December 31, 2010);
11. Medicines to be used for treating patients with paroxymal nocturnal hemoglobinuria.

(15) "Which are prescribed by Presidential Decree" in Article 106 (2) 9 of the Act, means the machinery and materials used for agriculture, livestock, forestry, and environment - friendly agriculture provided for in Article 3 (3) through (6) of the Regulations on Special Cases concerning Application, etc. of Zero Rate of, or Exemption from, Value Added Tax on Materials and Petroleum Products for Agriculture, Livestock Industry, Forestry, and Fisheries, which are imported by persons confirmed as farmers by a cooperative established under the Agricultural Cooperatives Act, as prescribed by Ordinance of the Ministry of Strategy and Finance, and the machinery and materials used for fisheries provided for in Article 3

(7) of the same Regulations, which are imported by persons confirmed as fishers by a cooperative established under the Fisheries Cooperatives Act, as prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

(16) Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 106 - 2 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 106 - 3 (Special Taxation for Value - Added Tax on Gold Bullion Trade)(1) "Gold bullion of the form, purity, etc. prescribed by Presidential Decree" in Article 106 - 3 (1) of the Act means gold with at least 995/1,000 purity in the state of raw material, such as gold ingot (lumps), or gold bar. <Amended by Presidential Decree No. 21307, Feb. 4, 2009 >

(2) "Wholesaler and refiner of gold bullion prescribed by Presidential Decree" in Article 106 - 3 (1) 1 of the Act means any of the following persons (hereafter referred to as "gold bullion wholesaler, etc." in this Article and Articles 106 - 4 and 106 - 5): Provided, That gold craftsmen who concurrently operate the gold bullion wholesale and persons for whom two years have not passed from the date when approval for trading tax - free gold bullion was revoked under Article 106 - 4 (7) shall be excluded: <Amended by Presidential Decree No. 18557, Oct. 5, 2004; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

1. A gold bullion wholesaler: A person operating the gold bullion wholesale, who satisfies the following requirements (hereafter referred to as "tax - free gold bullion wholesaler" in this Article):

- (a) To be operating the gold bullion wholesale for at least one year from the date of commencing the business;
- (b) Turnover by the gold bullion wholesale shall be at least the amount stipulated by Ordinance of the Ministry of Strategy and Finance;
- (c) The wholesaler or his/her representative or officers shall not have failed to pay national taxes for at least three occasions within the latest two years, or shall not be subjected to any disposition for his/her failure to pay national taxes within five years;

2. A gold bullion refiner: A person operating the business of producing gold bullion by refining or smelting the precious metal, nonferrous metal ores, lumps, scraps, etc.

(3) "Person prescribed by Presidential Decree" in Article 106 - 3 (1) 1 and (2) of the Act means any of the following persons equipped with the computer systems stipulated by the Commissioner of the National Tax Service, and a person conducting gold bullion brokerage among those who have obtained a license for foreign exchange brokerage under Article 9 of the Foreign Exchange Transactions Act, who satisfies the requirements stipulated by Ordinance of the Ministry of Strategy and Finance (hereafter referred to as "tax - free gold bullion broker" in this Article and Article 106 - 4), shall be deemed a recommender of tax - free gold bullion trade or a recommender of tax - free gold bullion import provided for in subparagraphs 1 through 3: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24697, Aug. 27, 2013>

1. A recommender of tax - free gold bullion trade referred to in Article 106 - 3 (1) 1 or 4 of the Act (hereafter referred to as "recommender of tax - free gold bullion trade" in this Article, and Articles 106 - 4 and 106 - 5): The Korea Chamber of Commerce and Industry established under the Chambers of Commerce and Industry Act and the Federation of Precious Stone Processing Business Cooperatives established under the Small and Medium Enterprise Cooperatives Act;

2. A recommender of tax - free gold bullion trade referred to in Article 106 - 3 (1) 2 of the Act: The Korea Federation of Banks, an incorporated association under Article 32 of the Civil Act where financial institutions referred to in paragraph (5) 1, 3 through 8 intend to purchase the tax - free gold bullion, and the Exchange established under the Financial Investment Services and Capital Markets Act where financial investment dealers referred to in paragraph (5) 2 intend to purchase the tax - free gold bullion for the exchange traded derivative transactions of gold bullion;

3. A recommender of tax - free gold bullion import referred to in Article 106 - 3 (2) of the Act (hereafter referred to as "recommender of tax - free gold bullion import" in this Article, and Articles 106 - 4 and 106 - 5): Any of the following (an entity intending to import the tax - free gold bullion, among the following recommenders of

tax - free gold bullion import, may choose it, in the case of imports with the mixed trade purposes):

(a) The Korea Chamber of Commerce and Industry established under the Chambers of Commerce and Industry Act and the Federation of Precious Stone Processing Business Cooperatives established under the Small and Medium Business Cooperative Act, in cases of imports with the trade purposes under Article 106 - 3 (1) 1 of the Act;

(b) The Korea Federation of Banks, an incorporated association under Article 32 of the Civil Act, in cases of imports with the trade purposes under Article 106 - 3 (1) 2 and 4 of the Act;

(c) The Exchange established under the Financial Investment Services and Capital Markets Act, in cases of imports with the trade purposes under Article 106 - 3 (1) 3 of the Act.

(4) "Gold craftsmen, etc. prescribed by Presidential Decree" in Article 106 - 3 (1) 1 of the Act means the following persons: Provided, That persons for whom two years have not passed from the date approval for trading tax - free gold bullion was revoked under Article 106 - 4 (7) shall be excluded: <Amended by Presidential Decree No. 18557, Oct. 5, 2004; Presidential Decree No. 22037, Feb. 18, 2010 >

1. A tax - free gold bullion wholesaler;

2. A producer of precious metals using gold bullion as raw materials, etc. for the precious metal products, who or whose representative or officer shall not have failed to pay national taxes for at least three occasions within the latest one year, or shall not be subject to any disposition for his/her failure to pay national taxes;

3. A general taxable person of the value - added tax who carries on the sales business of relevant precious metal products by entrusting the manufacturing of precious metal products to another precious metal manufacturer without making precious metal products himself/herself, who or whose representative or officer shall not have failed to pay national taxes for at least three occasions within the latest one year, or shall not be subject to any disposition for his/her failure to pay national taxes.

(5) "Financial institution prescribed by Presidential Decree" in Article 106 - 3 (1) 2 of the Act means any of the following: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

[Presidential Decree No. 23590, Feb. 2, 2012](#)>

1. The Bank of Korea established under the Bank of Korea Act;
2. Financial investment dealers licensed under the Financial Investment Services and Capital Markets Act (hereafter referred to as "financial investment dealer" in this Article);
3. Banks established under the Banking Act;
4. The Industrial Bank of Korea established under the Industrial Bank of Korea Act;
5. The Korea Development Bank established under the Korea Development Bank Act;
6. The Export - Import Bank of Korea established under the Export - Import Bank of Korea Act;
7. Nonghyup Bank established under the Agricultural Cooperatives Act;
8. The National Federation of Fisheries Cooperatives established under the Fisheries Cooperatives Act.

(6) "Collecting agent of value - added tax prescribed by Presidential Decree" in Article 106 - 3 (4) of the Act means the following relevant institution:< [Amended by Presidential Decree No. 21307, Feb. 4, 2009](#)>

1. For gold bullion supplied by a financial institution referred to in the subparagraphs of paragraph (5) (hereafter referred to as "financial institution" in this Article, and Articles 106 - 4 and 106 - 5) under the consumption loan for gold bullion: the financial institution;
2. Where actual gold bullion is delivered through an exchange traded derivative transaction of gold bullion to a person, other than the tax - free gold bullion wholesalers, etc. referred to in subparagraphs of paragraph (4) (hereafter referred to as "gold craftsman, etc." in this Article, and Articles 106 - 4 and 106 - 5; including financial institutions in this paragraph): The financial investment dealer who makes intermediation, brokerage or proxy by transferring or being consigned the relevant gold bullion.

(7) "Timing for supply, as prescribed by Presidential Decree" in Article 106 - 3 (4) of the Act means either of the following:< [Amended by Presidential Decree No. 21307, Feb. 4, 2009](#)>

1. For the consumption loan for gold bullion: When the redemption is made;
2. For the exchange traded transaction of gold bullion: When actual gold bullion is delivered.

(8) "Person subject to collection of value - added tax prescribed by Presidential Decree" in Article 106 - 3 (4) of the Act means either of the following persons (hereafter referred to as "person subject to collection of value - added tax" in this Article): <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

1. A person who has failed to redeem after having received the supply of gold bullion from a financial institution under the consumption loan for gold bullion;
2. A person, other than the gold craftsmen who have taken over the actual object of gold bullion (including financial institutions) in cases of exchange traded derivative transaction of gold bullion.

(9) Persons liable for collecting value - added tax who have collected the value - added tax under Article 106 - 3 (4) of the Act (hereafter referred to as "value - added tax collecting agent" in this Article) shall either pay the collected value - added tax to the head of a tax office having jurisdiction over the place of tax payment of the value - added tax collecting agent by the end of the month following that in which the date of collection falls, along with the payment return of gold bullion value - added tax in the form stipulated by Ordinance of the Ministry of Strategy and Finance, stating the following matters, or pay it to the Bank of Korea or postal offices with the payment statement under the National Tax Collection Act, accompanied by the payment return of gold bullion value - added tax: <Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008>

1. Full name of a person supplied with the gold bullion (trade name in the case of a business operator), address (address of a business place in the case of a business operator), resident registration number (business registration number in the case of a business operator);
2. Personal details of the business operator who has collected and paid the tax;
3. Supply value, value - added tax amount, and supply quantity;
4. Other reference matters.

(10) Every value - added tax collecting agent who has collected the value - added tax under Article 106 - 3 (5) of the Act shall deliver a receipt for collecting value - added tax on gold bullion in the form stipulated by Ordinance of the Ministry of Strategy and Finance, stating the following matters, to persons subject to collection of value - added tax under paragraph (8), when it collects the value - added tax: <Amended by

[Presidential Decree No. 20720, Feb. 29, 2008](#)>

1. Full name of a person supplied with the gold bullion (trade name in the case of a business operator), address (address of the business place in the case of a business operator), resident registration number (business registration number in the case of a business operator);
2. Personal details of a business operator who has collected and paid;
3. Supply value, value - added tax amount, and supply quantity;
4. Other reference matters.

(11) If gold bullion is supplied under any subparagraph of Article 106 - 3 (1) of the Act, no value - added tax shall be collected under the proviso to Article 106 - 3 (6) of the Act.

(12) Persons who have supplied or imported tax - free gold bullion, recommenders of tax - free gold bullion trade, recommenders of tax - free gold bullion import, and financial institutions referred to in Article 106 - 3 (7) of the Act shall respectively submit, to the head of a tax office having jurisdiction over the relevant business place, the specification of facts of the tax - free gold bullion trade (import) and the specification of facts of the consigned trade of gold bullion in the form stipulated by Ordinance of the Ministry of Strategy and Finance, stating the following matters, by the end of the month following the last month of each quarter, and the specification of facts of a recommendation of tax - free gold bullion by the 5th day of the month following the month in which the date of recommendation falls. In such cases, the specification of the fact of tax - free gold bullion trade (import), etc. shall be submitted on computer - processed tapes, diskettes or disks determined by the Commissioner of the National Tax Service:<[Amended by Presidential Decree No. 18176, Dec. 30, 2003](#); [Presidential Decree No. 18704, Feb. 19, 2005](#); [Presidential Decree No. 20720, Feb. 29, 2008](#); [Presidential Decree No. 21307, Feb. 4, 2009](#)>

1. The following details, in cases of the specification of facts of the tax - free gold bullion trade (import) submitted by a person who has supplied or imported tax - free gold bullion:
 - (a) Trade name, address of the business place, business registration number of a person supplied with tax - free gold bullion;
 - (b) Personal details of the supplier and importer of tax - free gold bullion;

- (c) Supply value and supply quantity, or import value and import quantity;
- (d) Other reference matters;

2. The following details, in cases of statement of the fact that the exchange traded derivative transaction of gold bullion has been made on entrustment, which is submitted for the portion of intermediation, brokerage or proxy for such entrustment by a financial investment dealer who was entrusted with the exchange traded derivative transaction of gold bullion:

- (a) Personal details of a person supplied with gold bullion;
- (b) Personal details of the consignor of gold bullion;
- (c) Supply value, value - added tax amount, and supply quantity;
- (d) Other reference matters;

3. The following details, in cases of the specification of facts of a recommendation of tax - free gold bullion which is submitted by the recommender of tax - free gold bullion trade and the recommender of tax - free gold bullion import:

- (a) Personal details of a person who has been recommended tax - free gold bullion;
- (b) Personal details of the other party of trade who has been recommended tax - free gold bullion;
- (c) Supply value and recommended quantity of tax exemption;
- (d) Other reference matters.

(13) Persons liable for recording and keeping the books for the facts of trade and recommendation of tax - free gold bullion under Article 106 - 3 (7) of the Act, shall record and keep the books to make it possible to objectively ascertain all trading facts concerning relevant tax - free gold bullion. In such cases, even when such facts are kept in the electronically - processed tapes or diskettes, it shall be deemed to have recorded and kept the books.

(14) "Causes prescribed by Presidential Decree" in Article 106 - 3 (10) of the Act means where a person subject to the value - added tax falls under any of the following circumstances: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19422, Mar. 29, 2006; Presidential Decree No. 22037, Feb. 18, 2010>

1. Where it is confirmed that it is impracticable to recover from the person by a decision authorizing his/her rehabilitation program authorization under the Debtor Rehabilitation and Bankruptcy Act;

2. Where it is impracticable to recover from the person due to bankruptcy, compulsory execution, execution of penalty, closure of his/her business, death, disappearance, missing, etc.

[This Article Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002]

Article 106 - 4 (Approval, Alteration, and Withdrawal, etc. for Gold Bullion Trade)(1)

Where the gold bullion wholesalers, etc. under Article 106 - 3 (2) intend to make a trade of tax - free gold bullion, they shall submit a written application for approval for tax - free gold bullion trade with matters falling under the following subparagraphs entered, which is stipulated by Ordinance of the Ministry of Strategy and Finance by not later than the 10th day of the month preceding that in which the first trade of such tax - free gold bullion is intended, to the head of tax office having jurisdiction over relevant business place, and obtain his/her approval: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008 >

1. Personal details of the business operator;
2. Reasons for the application for approval for tax - free gold bullion trade;
3. The monthly average required quantity of tax - free gold bullion: Provided, That in the case of any gold bullion refiner provided for in Article 106 - 3 (2) 2, no entries shall be required;
4. Other reference matters.

(2) Persons who intend to make the trade recommendation or the import recommendation of the tax - free gold bullion under Article 106 - 3 (3) shall submit a written application for approval for recommendation of trade (import) of the tax - free gold bullion indicating matters falling under the following subparagraphs, which is stipulated by Ordinance of the Ministry of Strategy and Finance, by not later than the 10th day of the month preceding that in which it is intended to make a recommendation of trade and import of the tax - free gold bullion, to the Commissioner of the National Tax Service, and obtain his/her approval:<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008 >

1. Personal details of the recommender of trade (import) of tax - free gold bullion;
2. Reasons for the application for approval for recommendation of trade (import) of tax - free gold bullion trade;

3. Other reference matters.

(3) Where any trade of gold bullion which is intermediated by a tax - free gold bullion broker under other portion than each subparagraph of Article 106 - 3 (3) falls under Article 106 - 3 (1) and (2) of the Act, it shall be deemed to be the trade and import of gold bullion exempted from the value - added taxes.

(4) Where the gold craftsmen, etc. under Article 106 - 3 (4) intend to receive a supply of tax - free gold bullion, they shall submit a written application for approval for tax - free gold bullion trade indicating matters falling under the following subparagraphs, which is stipulated by Ordinance of the Ministry of Strategy and Finance, by not later than the 10th day of the month preceding that in which it is intended to obtain the first supply of tax - free gold bullion, to the head of tax office having jurisdiction over relevant business place, and obtain his/her approval:

[<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008>](#)

1. Personal details of the business operator;
2. Reasons for the application for approval for tax - free gold bullion trade;
3. Agency recommending the tax - free gold bullion trade (import);
4. The monthly average required quantity of tax - free gold bullion: Provided, That where any free - tax gold bullion wholesaler provided for in Article 106 - 3 (4) 1 files the written application referred to in paragraph (1), such case shall be excluded;

5. Other reference matters.

(5) In applying paragraphs (1) and (4), if it is expected that the approved monthly average required quantity of tax - free gold metals is to be increased or decreased, gold bullion wholesalers, etc. and gold craftsmen, etc. shall submit to the head of tax office having jurisdiction over the relevant business place a written report on a change of approval for the tax - free gold bullion trade as stipulated by Ordinance of the Ministry of Strategy and Finance by not later than the 10th day of the month immediately preceding the month in which it is intended to change the said required quantity. [<Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008>](#)

(6) Where the representative of businessmen is changed in applying Article 106 - 3 (2) 1 and (4), the gold bullion wholesalers and gold craftsmen, etc. shall submit a

written application for change of approval for the tax - free gold bullion trade which is stipulated by Ordinance of the Ministry of Strategy and Finance to the head of tax office having jurisdiction over the relevant business place. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(7) Where any gold bullion wholesaler, etc. and any gold crafts - man, etc. fall under any case of the following subparagraphs, the head of tax office having jurisdiction over their business places may withdraw his/her approval for the supply of tax - free gold bullion to them or their eligibility for the supply of tax - free gold bullion: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008 >

1. Where the gold bullion wholesaler, etc. and the gold craftsman, etc. (including the representative and officers of the relevant business operators) are each subject to a disposition taken to collect arrears or a deficit disposition;
2. Where the gold bullion wholesaler, etc. and the gold craftsman, etc. purchase gold bullion in excess of 110/100 of the monthly average required quantity of tax - free gold bullion referred to in paragraphs (1) 3 and (4) 4 for which they have obtained the approval;
3. Where the gold bullion wholesaler, etc. and the gold craftsman, etc. quarterly supply tax - free gold bullion in excess of 100 kilograms in a manner that is not prescribed in Article 106 - 3 (1) 1 through 4 of the Act;
4. Where they are accused of committing the act of violating the regulations provided for in Articles 9, 11 - 2, 12 - 3 and 13 of the Punishment of Tax Offenses Act;
5. Where they fall under the publication that is made by the Commissioner of the National Tax Service after the import of gold bullion sharply soars or is feared to sharply soar compared with their import during the preceding month or the preceding quarter and that he/she judges that it is necessary to control their trading patterns in advance in order to halt the illegal distribution of tax - free gold bullion.

(8) In case where the Commissioner of the National Tax Service recognizes the inappropriateness to recommend the transaction import of tax - free gold bullion after the recommended trader or importer of tax - free gold bullion falls under any of the following subparagraphs, he/she may withdraw the approval that makes it possible to recommend the transaction or import of tax - free gold bullion: <Newly Inserted by

[Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008](#)>

1. Where he/she fails to equip himself/herself with adequate computer information - processing facilities, etc. that make it possible for him/her to stably perform his/her work involving the recommendation of tax - free gold bullion and the report thereon;
2. Where he/she makes the recommendation of transaction or import for per - sons who have failed to submit their written confirmations of offered security for tax payment provided for in Article 106 - 8 (2);
3. Where he/she violates matters that are prescribed by Ordinance of the Ministry of Strategy and Finance after judging that he/she needs to adjust the distribution channel and the quantity recommendation in order to coordinate the transaction of tax - free gold bullion.

(9) In case where the gold craftsmen, etc. intend to be supplied or to import the tax - free gold bullion by receiving the recommendation from the recommended trader or importer of tax - free gold bullion, the agency from which the first recommendation has been received shall become the recommended trader or importer of tax - free gold bullion, and in case where they intend to change the recommended trader or importer of tax - free gold bullion, they shall submit a return of changing the recommended trader or importer of tax - free gold bullion, which is stipulated by Ordinance of the Ministry of Strategy and Finance, to the head of tax office having jurisdiction over relevant business place by not later than the 10th day of the month preceding the month of intending to change them, and obtain his/her approval.

[<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008](#)>

[\[This Article Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002\]](#)

Article 106 - 5 (Issuance of Tax Invoices for Gold Bullion Trade, and Methods of Filing

Returns, etc.)(1) When a business operator, other than financial institutions, issues a tax invoice after having supplied tax - free gold bullion under Article 106 - 3 (1) of the Act, he/she need not fill in value - added tax amount of the tax invoice, and he/she shall make a payment of value - added tax by self - return under Articles 48 and 49 of the Value - Added Tax Act, by applying mutatis mutandis the trade of goods or services subject to the zero tax rate. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24638, Jun. 28, 2013>

(2) The head of the competent tax office shall issue an import tax invoice on gold bullion imported pursuant to Article 106 - 3 (2) of the Act by applying mutatis mutandis paragraph (1). <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005 >

(3) Where a financial institution makes a trade of gold bullion by means of the gold bullion - related savings, such as an installment account of gold bullion, the value - added tax shall be levied, deeming the time the depositor of the gold bullion withdraws the gold bullion in kind to be the supply time of such gold bullion, notwithstanding the provisions of Articles 15 through 17 of the Value - Added Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24638, Jun. 28, 2013 >

(4) Where a financial institution is unable to recover the gold bullion supplied under a consumption loan for gold bullion under Article 106 - 3 (10) of the Act due to any of the causes provided for in Article 106 - 3 (14) of this Decree, it shall submit a report on the refund of the value - added tax on gold bullion in the form stipulated by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the relevant business place when such cause occurs, and the head of the competent tax office shall make a refund to the relevant financial institution within 30 days after receipt of the report on refund. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(5) In applying Article 106 - 3 of the Act, the Commissioner of the National Tax Service shall notify the recommenders of tax - free gold bullion trade of the data, etc. on approval for the trade of tax - free gold bullion under Article 106 - 4 (1) of this Decree with regard to the gold bullion wholesalers, etc., the recommended trader of tax - free gold bullion, the recommended importer of tax - free gold bullion, the gold craftsmen, etc. and the financial institution, etc.

[This Article Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002]

Article 106 - 6 (Business Operators Subject to Offering Security for Tax Payment)

"Gold bullion wholesalers, etc. and gold craftsmen, etc. prescribed by Presidential Decree" in Article 106 - 3 (11) of the Act means the business operators with the exception of those falling under any of the following subparagraphs, who are designated by the head of competent tax office as persons liable to offer the security for tax payment from among the persons provided for in Article 106 - 3 (2) 1 and

each subparagraph of Article 106 - 3 (4) (hereinafter referred to as a "business operator liable to offer the security for his/her tax payment"): <Amended by Presidential Decree No. 22037, Feb. 18, 2010>

1. Model and faithful taxpayers who are designated by the Commissioner of the National Tax Service;
2. Persons who have run the gold bullion wholesale business for not less than two years from the date on which they commence their business and the relevant business operators, the representative of the relevant business operators or their officers have not defaulted in the national tax in the last two years and have not taken any deficit disposition in the last five years and that the head of competent tax office recognizes that they are not required to offer any security taking into account the scale of their transactions and their returns, etc.;
3. The business operators and the representative of the relevant business operators or their officers under subparagraphs 2 and 3 of Article 106 - 3 (4) did not default in the national tax in the last year and have not taken any deficit disposition in the last five years and that the head of competent tax office recognizes that they are not re - quired to offer any security taking into the scale of their transactions and their returns, etc.;
4. The head of competent tax office recognizes that persons correspond - ing to the persons referred to in subparagraphs 1 through 3 are not required to offer any security taking into the period of their business, their returns, the payment of their taxes and the scale and details, etc. of their transactions.

[This Article Wholly Amended by Presidential Decree No. 18704, Feb. 19, 2005]

Article 106 - 7 (Amount of Security for Tax Payment and Period of Security for Tax

Payment)(1) The amount of the security for tax payment shall be an amount equivalent to the amount that is calculated according to the following formula: The amount of the security for tax payment = the monthly average required quantity of tax - free gold bullion × base price × 11/100 × 120/100 (in the case of cash and taxpaying insurance policy, 110/100)

(2) The period of the security for tax payment may be set from the first day of the month that belongs to the date on which transaction is executed to the deadline of the preliminary tax return for the value - added tax or the deadline of the final return.

(3) The base price of tax - free gold bullion for calculating the value of the security for tax payment referred to in paragraph (1) shall be determined according to methods that are prescribed by the Commissioner of the National Tax Service.

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 106 - 8 (Time and Procedures, etc. for Offering Security for Tax Payment)(1) The head of competent tax office shall determine the amount of the security for tax payment and the period therefor provided for in Article 106 - 7 and then notify every business operator liable to offer the security for his/her tax payment by the 20th day of the month preceding the month during which he/she intends to receive the security for tax payment of the details thereof.

(2) Every business operator liable to offer the security for his/her tax payment shall offer the security for his/her tax payment by the last day of the month during which he/she is notified of offering the security for his/her tax payment and the head of competent tax office shall, upon receiving the security for tax payment, promptly confirm whether contents of the security for tax payment offered are genuine and then issue a written confirmation of the offered security for tax payment (hereinafter referred to as "written confirmation of the offered security for tax payment") that is prescribed by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(3) Every business operator liable to offer the security for his/her tax payment shall submit the written confirmation of the offered security for his/her tax payment that issued by the head of competent tax office to the recommended trader of tax - free gold bullion and the recommended importer of tax - free gold bullion.

(4) The recommended trader of tax - free gold bullion and the recommended importer of tax - free gold bullion shall be prohibited from making the recommendation of the transaction of free - tax gold bullion and the recommendation of the import of free - tax gold bullion for anyone who fails to submit the written confirmation of the offered security for his/her tax payment under paragraph (3).

(5) Where any business operator liable to offer the security for his/her tax payment is confirmed that the tax - free gold bullion for which he/she receives the recommendation of transaction or the recommendation of import pursuant to paragraph (4) in the immediately preceding month have been supplied in a manner

provided for in Article 106 - 3 (1) 1 through 4 of the Act, the head of competent tax office shall promptly take the procedures for cancelling the security. <Amended by Presidential Decree No. 20620, Feb. 22, 2008 >

(6) In the application of Articles 106 - 3 through 106 - 8, procedures for supplying tax - free gold bullion, the coordination of transaction patterns and the methods of making them free of tax shall be governed by Ordinance of the Ministry of Strategy and Finance, except as otherwise provided for in this Decree. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 106 - 9 (Special Taxation for Payment of Value - Added Tax by Purchasers of

Gold - Related Products)(1) "Gold bullion in the shape, purity, etc. prescribed by Presidential Decree" in Article 106 - 4 (1) 1 of the Act, means gold with at least 995/1,000 purity in the state of raw materials, such as gold ingot (lumps) or gold bar (hereafter in this Article, referred to as "gold bullion"); "gold products in the shape, purity, etc. prescribed by Presidential Decree" in Article 106 - 4 (1) 2 of the Act, means gold with at least 585/1,000 purity in the state of products, such as rings that have been bought by a consumer; and " gold waste and scrap prescribed by Presidential Decree" in Article 106 - 4 (1) 3 of the Act, means waste and scrap with the gold content of at least 1/100,000. <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

(2) The gold trading account referred to in Article 106 - 4 (1) of the Act, shall meet each of the following requirements that:

1. It shall be an account opened at a financial institution (hereafter in this Article, referred to as "financial institution") designated by the Commissioner of the National Tax Service as he/she deems that the financial institution is capable of stably operating the special taxation system for the payment of value - added tax by purchasers, from among the financial institutions listed under subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality;
2. Deleted; <by Presidential Decree No. 21307, Feb. 4, 2009 >
3. The trade name of a business operator shall also be specified in the description of the holder of the account opened (limited to where a trade name exists);

4. The words "gold trading account" shall be stated on the cover of the passbook for the account opened.

(3) A business operator may open at least two gold trading accounts for each place of business. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(4) Payments made through a gold trading account shall be deemed payments made through a business account referred to in Article 160 - 5 of the Income Tax Act.

(5) "Person designated by Presidential Decree" in the main sentence of Article 106 - 4 (3) of the Act, means a person designated by the Commissioner of the National Tax Service as he/she deems that the person is capable of stably operating the special taxation system for the payment of value - added tax by purchasers, such as refunding the collected value - added tax and depositing such tax into the National Treasury. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(6) "Methods prescribed by Presidential Decree, such as a loan for financing business purchases" in the proviso to Article 106 - 4 (3) of the Act, means the following: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. A bill of exchange, a written request for the collection of proceeds from sale, an exclusive - use card for corporate purchase, the account receivable collateral loan system, the purchase loan system, and the network loan system referred to in Article 7 - 2 of the Act;

2. Electronic bonds defined in Article 2 of the Electronic Financial Transactions Act;

3. Transactions of proceeds in a foreign currency through a foreign exchange bank.

(7) "Methods prescribed by Presidential Decree" in Article 106 - 4 (4) of the Act, means the method by which an importer files a separate import declaration of gold bullion and pays the value - added tax on the gold bullion as prescribed in Article 106 - 4 (3) of the Act. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(8) "Interest rate prescribed by Presidential Decree" in Article 106 - 4 (8) of the Act, means 3/10,000 per day. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(9) "Ratio prescribed by Presidential Decree" in the main sentence of Article 106 - 4 (10) of the Act, means 70/100. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(10) "Amount prescribed by Presidential Decree" in Article 106 - 4 (10) 1 of the Act, means five million won. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(11) The period for which the refund can be postponed under Article 106 - 4 (10) of the Act, shall be within six months from the day following the deadline for filing the

relevant preliminary or final return. <Amended by Presidential Decree No. 21307, Feb. 4, 2009 >

(12) "Circumstances prescribed by Presidential Decree" in Article 106 - 4 (10) 2 of the Act, means where a gold business operator, or the representative or any executive officer of the gold business operator, meets each of the following criteria that: <Amended by Presidential Decree No. 21307, Feb. 4, 2009 >

1. He/she has not been punished as a tax evader for the most recent three years from the end of the deadline for the relevant return and payment;
2. He/she has not been delinquent in paying national taxes for the most recent one year from the end of the deadline for the relevant return and payment;
3. He/she has not been given deficit disposal for the most recent three years from the end of the deadline for the relevant return and payment;
4. He/she has not traded any gold - related products without using the gold trading account for the most recent one year from the end of the deadline for the relevant return and payment;
5. Other cases recognized by the Commissioner of the National Tax Service as having no concern over tax evasion in consideration of the status of filing returns on and paying value - added tax.

(13) The value - added tax deposited with the persons designated by the Commissioner of the National Tax Service under paragraph (5), shall be managed, as stipulated by the Commissioner of the National Tax Service.

(14) Detailed matters necessary for operating the special taxation system for the payment of value - added tax by purchasers, such as gold trading accounts, deposit of value - added tax, and management of deposited value - added tax, shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 106 - 10 Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014 >

Article 106 - 11 (Submission of Statements of Transactions of Gold Bullion, etc.)(1)

"Gold bullion refiner prescribed by Presidential Decree" in Article 106 - 6 (1) of the Act means a person who engages in the business of manufacturing gold bullion by refining precious metals, non - ferrous metal ores, blooms, scraps, etc.

(2) "Statement on production and release of gold bullion prescribed by Presidential Decree" in Article 106 - 6 (1) of the Act means the details of supply of gold bullion manufactured by a gold bullion refiner, which are entered in a statement of production and release prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(3) "Gold - related product prescribed by Presidential Decree" in Article 106 - 6 (2) of the Act means gold No. 7108.12 or 7108.13 (excluding gold wires) of the tariff schedule in the attached Table of the Customs Act.

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 106 - 12 Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014 >

Article 106 - 13 (Special Taxation for Payment of Value - Added Tax by Purchasers of

Scrap, etc.)(1) The account for trading scrap, etc. referred to in Article 106 - 9 (1) of the Act, shall meet each of the following requirements that: <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

1. It shall be an account opened at a financial institution designated by the Commissioner of the National Tax Service as he/she deems that the financial institution is capable of stably operating the special taxation system for the payment of value - added tax by purchasers, such as refunding the collected value - added tax and depositing such tax into the National Treasury, from among financial institutions, etc. listed under subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality;
2. The trade name of a business operator shall be also specified in the description of the holder of the account opened (limited to where a trade name exists);
3. The words "account for trading scrap, etc." shall be stated on the cover of the passbook for the account opened.

(2) A business operator may open at least two accounts for trading scrap, etc. for each place of business. <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

(3) Payments made through an account for trading scrap, etc. shall be deemed payments made through a business account referred to in Article 160 - 5 of the Income Tax Act. <Amended by Presidential Decree No. 26959, Feb. 5, 2016 >

(4) "Person designated by Presidential Decree" in the main sentence of Article 106 - 9 (3) of the Act, means a person designated by the Commissioner of the National

Tax Service as he/she deems that the person is capable of stably operating the special taxation system for the payment of value - added tax by purchasers, such as refunding the collected value - added tax and depositing such tax into the National Treasury. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(5) "Methods prescribed by Presidential Decree, such as a loan for financing business purchases" in the proviso to Article 106 - 9 (3) of the Act, means the following: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. A bill of exchange, a written request for the collection of proceeds from sale, an exclusive - use card for corporate purchase, the account receivable collateral loan system, the purchase loan system, and the network loan system referred to in Article 7 - 2 of the Act;
2. Electronic bonds defined in Article 2 of the Electronic Financial Transactions Act;
3. Transactions of proceeds in a foreign currency through a foreign exchange bank.

(6) "Methods prescribed by Presidential Decree" in Article 106 - 9 (4) of the Act, means the method by which an importer files a separate import declaration of scrap, etc. and pays the value - added tax on such scrap, etc., as calculated under Article 106 - 9 (3) 2 of the Act, pursuant to Article 106 - 9 (3) of the Act. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(7) "Interest rate prescribed by Presidential Decree" in Article 106 - 9 (7) of the Act, means 3/10,000 per day.

(8) "Ratio prescribed by Presidential Decree" in the main sentence of Article 106 - 9 (9) of the Act, means 70/100.

(9) The period for which the refund can be postponed under Article 106 - 9 (9) of the Act, shall be within six months from the day following the deadline for filing the relevant preliminary or final return.

(10) "Amount prescribed by Presidential Decree" in Article 106 - 9 (9) 1 of the Act, means five million won.

(11) "Cases prescribed by Presidential Decree" in Article 106 - 9 (9) 2 of the Act, means where a business operator of scrap, etc., or the representative or any executive officer of the business operator of scrap, etc. meets each of the following criteria that: <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

1. He/she has not been punished as a tax evader for the most recent three years from the end of the deadline for the relevant return and payment;

2. He/she has not been delinquent in paying national taxes for the most recent one year from the end of the deadline for the relevant return and payment;
3. He/she has not been given deficit disposal for the most recent three years from the end of the deadline for the relevant return and payment;
4. He/she has not traded any scrap, etc. without using the account for trading scrap, etc. for the most recent one year from the end of the deadline for the relevant return and payment;
5. Other cases recognized by the Commissioner of the National Tax Service recognizes as having no concern over tax evasion in consideration of the status of filing returns on and paying value - added tax.

(12) The value - added tax deposited with the persons designated by the Commissioner of the National Tax Service under paragraph (4), shall be managed, as stipulated by the Commissioner of the National Tax Service.

(13) Detailed matters necessary for operating the special taxation system for the payment of value - added tax by purchasers, such as accounts for trading scrap, etc., deposit of value - added tax, and management of deposited value - added tax, shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 26959, Feb. 5, 2016>

[This Article Newly Inserted by Presidential Decree No. 24887, Nov. 29, 2013]

Article 107 (Refund of Value - Added Tax to Foreign Business Operators)(1) "Goods or services prescribed by Presidential Decree" in Article 107 (6) 3 of the Act, means: <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

1. Electricity or communications services;
2. Renting services of real estate;
3. Goods or services necessary for foreign business operators to operate and maintain their offices in the Republic of Korea, and prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) Any foreign business operator who intends to get a refund of the value - added tax under Article 107 (6) of the Act, shall file an application for refund of the value - added tax on goods or services supplied from January 1 to December 31 each year, with the Administrator of the Regional Tax Office designated by the Commissioner of

the National Tax Service (hereafter in this Article, referred to as "Administrator of the Regional Tax Office") in person, or by an agent designated by the Commissioner of the National Tax Service, along with the following documents by no later than June 30 of the following year: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 24638, Jun. 28, 2013>

1. A copy of the business operator certificate (limited to English or Korean version);
2. A statement of transactions;
3. Original tax invoices (including credit card sale slips, etc. separately stating the person receiving goods or services and the amount of value - added tax as prescribed in Article 46 (3) of the Value - Added Tax Act);
4. A letter of attorney if an application is filed by its agent.

(3) Upon receipt of an application for refund under paragraph (2), the Administrator of the Regional Tax Office shall verify the details of transactions and refund the value - added tax related to such transactions to the relevant foreign business operator by no later than December 31 of the year in which the application is filed.

(4) Where a foreign business operator requests the return of the original tax invoices referred to in paragraph (2) 3 within six months from the date of tax refund specified in paragraph (3), the Administrator of the Regional Tax Office shall return them to the foreign business operator. <Newly Inserted by Presidential Decree No. 16693, Jan. 10, 2000>

(5) "Amount prescribed by Presidential Decree" in the proviso to Article 107 (6) of the Act, means 300,000 won. <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(6) Other matters necessary for the refund of value - added tax to foreign business operators, shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008>

(7) "Goods or services prescribed by Presidential Decree" in the main sentence of Article 107 (9) of the Act, means the following goods or services: Provided, That goods or services for which the input tax amount is not deductible under Article 39 (1) 2 and 4 through 7 of the Value - Added Tax Act, shall be excluded herefrom: <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

1. Goods or services related to the construction, installation, and dismantlement of facilities for relaying broadcasts of the Games;

2. Equipment for relaying broadcasts, including cameras, cables, and vehicles for broadcasting;
3. Rental, maintenance, and repair services of equipment and vehicles for broadcasting and telecommunications;
4. Consulting, transportation, and security and guard services related to replay broadcasting;
5. Other goods or services similar to those specified above and related to relaying broadcasts of the Games.

(8) "Foreign corporations prescribed by Presidential Decree" in Article 107 (9) 4 of the Act, means the corporations referred to in subparagraphs 1 through 5 of Article 104 - 25. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

Article 108 (Refund of Value - Added Tax to Diplomats, etc.)(1) "Person prescribed by Presidential Decree" in Article 107 (7) of the Act, means an employee belonging to diplomatic or consular establishments (excluding consular establishments, the head of which is an honorary consular official), the United Nations, and international organizations equivalent thereto (limited to where privileges and exemptions may be granted pursuant to treaties to which the Republic of Korea is a party and other local Acts and subordinate statutes) which are stationed in the Republic of Korea, who hold the public officials' status of the relevant country or is not a national among those verified as having status equivalent thereto from the Minister of Foreign Affairs (hereafter in this Article, referred to as "diplomats, etc."). <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24441, Mar. 23, 2013 >

(2) "Duty - free shop prescribed by Presidential Decree" in Article 107 (7) of the Act, means the place of business designated by the head of the competent tax office, as prescribed by the Commissioner of National Tax Service (including a shop designated under Article 28 of the Enforcement Decree of the Individual Consumption Tax Act; hereafter in this Article, referred to as "duty - free shops for diplomats"). <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20516, Dec. 31, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010 >

(3) Where the diplomats, etc. in receipt of goods or services intend to have the value - added tax related to such goods or services refunded, they shall submit a receipt issued by a duty - free shop for diplomats, along with an application for refund prescribed by Ordinance of the Ministry of Strategy and Finance, to the Minister of Foreign Affairs. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24441, Mar. 23, 2013 >

(4) The Minister of Foreign Affairs may request the Commissioner of National Tax Service to pay the amount of value - added tax recorded in the receipt within the limit of the amount under Article 107 (7) of the Act after verifying the details of the application for refund submitted by the diplomats, etc. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24441, Mar. 23, 2013 >

(5) The Commissioner of the National Tax Service in receipt of a request for payment from the Minister of Foreign Affairs under paragraph (4), may order the head of the competent tax office to pay the relevant amount; and the head of the competent tax office shall pay the relevant amount to the Minister of Foreign Affairs who may, in turn, pay the amount paid by the head of the competent tax office to the diplomats, etc. <Amended by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24441, Mar. 23, 2013 >

(6) Other matters necessary for the refund of value - added tax to diplomats, etc., shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

Article 109 (Application of Reciprocity to Foreign Business Operators for Special Taxation of Indirect Taxes)

"When the relevant foreign country makes the same refunds" in Article 107 (8) of the Act means the cases where taxes of the relevant foreign country which are identical with or similar to the value - added tax of Korea are refunded, and where a relevant foreign country is void of any taxes which are identical with or similar to the value - added tax of Korea. <Amended by Presidential Decree No. 21307, Feb. 4, 2009 >

Article 109 - 2 (Special Cases concerning Value - Added Tax for Foreign Tourists, etc.)

(1) A foreign tourist, etc. referred to in Article 107 - 2 (1) of the Act means a foreign tourist defined in Article 2 (1) of the Regulations on Special Cases concerning Value - Added Tax and Individual Consumption Taxes for Foreign

Tourists, Etc. (hereafter in this Article, referred to as “ foreign tourist, etc. ”).

(2) "Tourist hotel which meets the requirements prescribed by Presidential Decree" in Article 107 - 2 (1) of the Act, means any hotel determined and publicly notified by the Minister of Culture, Sports and Tourism, which meets each of the following requirements (hereafter in this Article, referred to as "tourist hotel eligible for special taxation"):<Amended by Presidential Decree No. 25590, Sep. 11, 2014>

1. It shall be a tourist hotel defined in Article 2 (1) 2 (a) of the Enforcement Decree of the Tourism Promotion Act;
2. Its average supply price of each type of guest rooms provided for accommodation services for foreign tourists, etc., does not exceed 105/100 of the average supply price of each type of guest rooms provided during the same period of the immediately preceding year for accommodation services provided by the hotel to foreign tourists, etc.

(3) When the operator of a tourist hotel eligible for special taxation has provided accommodation services to a foreign tourist, etc., he/she shall issue two copies of a document proving that he/she has provided accommodation services (hereafter in this Article, referred to as "certificate of supply of accommodation services") to the foreign tourist, etc. provided with the accommodation services: Provided, That, where the operator of a tourist hotel eligible for special taxation has transmitted the certificate of supply of accommodation services in an electronic form to a person who operates a business refunding value - added tax paid by a foreign tourist, etc. (referring to a person designated by applying mutatis mutandis Article 5 - 2 of the Regulations on Special Cases concerning Value - Added Tax and Individual Consumption Taxes for Foreign Tourists, Etc.; hereafter in this Article, referred to as "tax - refunding service operator") as at the time the foreign tourist, etc. was provided with the accommodation services through the information and communications network, he/she need not issue the certificate of supply of accommodation services.

(4) Where a foreign tourist, etc. is provided with accommodation services from a tourist hotel eligible for special taxation, the foreign tourist, etc. is eligible to a refund of the value - added tax related to the relevant accommodation services from a tax - refunding service operator. In such cases, Article 10 - 2 of the Regulations on Special Cases concerning Value - Added Tax and Individual Consumption Taxes for

Foreign Tourists, Etc. shall apply mutatis mutandis to the refund of value - added tax by tax - refunding service operators.

(5) A tax - refunding service operator who has refunded the value - added tax to a foreign tourist, etc. under paragraph (4), shall forward a document certifying the refund (hereafter in this Article, referred to as "certificate of refund") to the operator of the relevant tourist hotel subject eligible for special taxation.

(6) The operator of a tourist hotel eligible for special taxation can be granted a deduction of the relevant value - added tax, if the fact that a foreign tourist, etc. has received a refund of value - added tax within three months from the date he/she was provided with the accommodation services, is confirmed.

(7) Where the operator of a tourist hotel eligible for special taxation intends to be granted a deduction of the value - added tax under paragraph (6), he/she shall submit a certificate of supply of accommodation services, accompanied by a certificate of refund, to the head of the competent tax office, at the time he/she files a tax return, and the amount of tax to be paid or refunded for the taxable period in which the date he/she has received the certificate of refund falls.

(8) Notwithstanding paragraphs (6) and (7), the value - added tax refunded to a foreign tourist, etc. under paragraph (4) shall not be deducted from the value - added tax payable by the operator of a tourist hotel eligible for special taxation if:

1. Such operator fails to meet the requirement prescribed in paragraph (2) 2 concerning the supply price of accommodation services;
2. Such operator has issued a false certificate of supply of accommodation services.

(9) "Person prescribed by Presidential Decree, such as the tourist hotel subject to application of special cases" in Article 107 - 2 (2) of the Act, means the operator of a tourist hotel eligible for special taxation that has provided accommodation services to the relevant foreign tourist, etc.

(10) Articles 57, 58, and 60 of the Value - Added Tax Act shall apply to the determination and collection of the amount of the value - added tax to be collected under Article 107 - 2 (2) of the Act.

(11) Except as otherwise expressly prescribed in paragraphs (1) through (10), selection of tourist hotels subject to application of special taxation; procedures for refunds by tax - refunding service operators; and other necessary matters, shall be publicly notified by the Minister of Culture, Sports and Tourism following

consultation thereon with the Minister of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 109 - 3 (Special Cases concerning Refunds of Value - Added Tax to Foreign

Tourists Provided with Medical Services for Cosmetic Surgeries)(1) "Foreign tourist prescribed by Presidential Decree" in Article 107 - 3 (1) of the Act, means a foreign tourist defined in Article 2 (1) of the Regulations on Special Cases concerning Value - Added Taxes and Individual Consumption Taxes for Foreign Tourists, Etc. (hereafter in this Article, referred to as "foreign tourist").

(2) "Medical services prescribed by Presidential Decree" in Article 107 - 3 (1) of the Act, means the following medical services not exempt from value - added tax pursuant to the proviso to subparagraph 1 of Article 35 of the Enforcement Decree of the Value - Added Tax Act (hereafter in this Article, referred to as "medical services eligible for refund"), among medical services provided by any medical institution eligible for special treatment defined in Article 107 - 3 (1) of the Act (hereafter in this Article, referred to as "medical institution eligible for special treatment"):<Amended by Presidential Decree No. 27241, Jun. 21, 2016>

1. Where a medical institution registered under Article 6 (1) of the Act on Support for Overseas Expansion of Healthcare System and Attraction of International Patients or a broker soliciting foreign patients registered under paragraph (2) of the same Article, directly solicits a foreign tourist;
2. Where a foreign tourist visits in person a medical institution eligible for special treatment.

(3) Article 5 - 2 of the Regulations on Special Cases concerning Value - Added Taxes and Individual Consumption Taxes for Foreign Tourists, Etc., shall apply mutatis mutandis to the requirements for, and procedures for designation of, business operators of refund desks provided for in Article 107 - 3 (2) of the Act (hereafter in this Article, referred to as "business operator of refund desks"). In such cases, "at the time of purchase of duty - free goods" shall be construed as "at the time of receipt of medical services eligible for refund."

(4) Article 10 - 2 of the Regulations on Special Cases concerning Value - Added Taxes and Individual Consumption Taxes for Foreign Tourists, Etc., shall apply mutatis mutandis to the refund of value added taxes by business operators of refund

desks upon receipt of requests for refund under Article 107 - 3 (3) of the Act. In such cases, "certificate of sales confirmed by the head of the customs office having jurisdiction over the departing port" shall be construed as "certificate of provision of medical services"; "at the time of purchase of duty - free goods" as "at the time of receipt of medical services eligible for refund"; and "duty - free seller" as "medical institution eligible for special treatment," respectively.

(5) Upon the refund or remittance of the value - added tax paid by a foreign tourist at the time of receiving medical services eligible for refund to the foreign tourist under paragraph (4) (hereafter in this Article, referred to as "refundable value - added tax"), a business operator of refund desks shall forward a document certifying such refund or remittance under Article 10 - 3 of the Regulations on Special Cases concerning Value - Added Taxes and Individual Consumption Taxes for Foreign Tourists, Etc. (hereafter in this Article, referred to as "certificate of refund or remittance") to the relevant medical institution eligible for special treatment.

(6) A business operator of refund desks shall file a statement of refunds or remittances respectively with the Commissioner of the National Tax Service and the Minister of Health and Welfare by the 20th of the month following the end of the quarter in which refundable value - added tax is refunded or remitted to foreign tourists.

(7) Upon receipt of a certificate of refund or remittance forwarded under paragraph (5), the operator of a medical institution eligible for special treatment shall pay refundable value - added tax to the business operator of refund desks.

(8) The operator of a medical institution eligible for special treatment can be granted a deduction of refundable value - added tax, at the time of filing its tax return and amount of tax payable or refundable for the taxable period in which it received a certificate of refund or remittance under paragraph (5).

(9) When the operator of a medical institution eligible for special treatment intends to be granted a deduction of refundable value - added tax under paragraph (8), it shall submit a certificate of provision of medical services under Article 107 - 3 (2) of the Act (hereafter in this Article, referred to as "certificate of provision of medical services"), and the relevant certificate of refund or remittance, at the time of filing a tax return and amount of tax payable or refundable for the taxable period in which it received the certificate of refund or remittance.

(10) If the operator of a medical institution eligible for special treatment fails to pay refundable value - added tax to a business operator of refund desks, without just grounds, the head of the relevant tax office shall either add the refundable value - added tax deducted under paragraph (8) to the amount of tax payable, or deduct it from the amount of tax refundable.

(11) If the operator of a medical institution eligible for special treatment does not receive a certificate of refund or remittance under paragraph (5) by the 20th of the month following the third month after the date of provision of medical services eligible for refund, it becomes ineligible for a deduction of the refundable value - added tax.

(12) "Grounds prescribed by Presidential Decree" in Article 107 - 3 (4) of the Act, means the following cases:

1. Where the operator of a medical institution eligible for special treatment aids or abets a foreign tourist to receive a refund of value - added tax by issuing or transmitting a certificate of provision of medical services containing a false statement;
2. Where the operator of a medical institution eligible for special treatment aids and abets a foreign tourist to receive a refund of value - added tax by issuing or transmitting a certificate of provision of medical services, although the relevant medical services are ineligible for refund.

(13) Except as otherwise expressly provided for in paragraphs (1) through (12), selection of medical institutions eligible for special treatment; procedures for refunds by business operators of refund desks; and other necessary matters, shall be publicly notified by the Minister of Health and Welfare, in consultation with the Minister of Strategy and Finance.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 110 (Special Cases concerning Deduction of Input Tax Amount for Value - Added Tax on Recycled Waste Resources, etc.)(1) "Persons prescribed by Presidential Decree" in Article 108 (1) of the Act, means persons who do not operate any business subject to value - added tax (including concurrent operation of a tax - exempt and a taxable business), and persons subject to simplified taxation as provided for in Article 61 of the Value - Added Tax Act. <Amended by Presidential

Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24638, Jun. 28, 2013 >

(2) Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006 >

(3) The scope of business operators eligible for input tax deductions as prescribed in Article 108 of the Act, shall be as follows: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18428, Jun. 11, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21904, Dec. 24, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

1. Persons licensed to provide interim waste treatment services (limited to recycling of wastes), or persons who have reported on waste recycling under the Wastes Control Act;
2. Persons registered to conduct the car dealer business under the Motor Vehicle Management Act;
3. The Korea Environment Corporation incorporated under the Korea Environment Corporation Act;
4. Persons who export used cars referred to in paragraph (4) 2;
5. Other business operators prescribed by Ordinance of the Ministry of Strategy and Finance who collect recycled waste resources.

(4) The scope of recycled waste resources and used cars (hereafter in this Article, referred to as "recycled waste resources, etc.") eligible for input tax deductions as prescribed in Article 108 of the Act, shall be as follows: <Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25211, Feb. 21, 2014 >

1. Recycled waste resources:
 - (a) Scrap iron;
 - (b) Waste paper;
 - (c) Waste glass;
 - (d) Waste synthetic resin;
 - (e) Waste synthetic rubber;
 - (f) Waste metal cans;

- (g) Waste dry batteries;
- (h) Waste non - ferrous metal ores;
- (i) Waste tires;
- (j) Waste textiles;
- (k) Waste oil;

2. Used cars provided for in the Motor Vehicle Management Act: Provided, That the following cars shall be excluded herefrom:

(a) A used car to be exported, in the case of which the period from the date of manufacture stated in the Motor Vehicle Register provided for in Article 8 of the Motor Vehicle Registration Decree until the date of receipt of an export declaration stated in a report on the implementation of export required under Article 32 of the same Decree, is less than one year;

(b) A car which any of the persons provided for in paragraph (1) has sold to a business operator who collects used cars, after being granted a deduction of the input tax amount under Article 38 of the Value - Added Tax Act regarding the purchase of the car (including any related person granted a deduction of the input tax amount regarding the purchase of the car, instead of any of the persons provided for in paragraph (1)): Provided, That excluded herefrom shall be a person subject to simplified taxation who is granted a deduction of the input tax amount under Article 63 (3) of the Value - Added Tax Act.

(5) Any person who intends to be granted a deduction of the input tax amount under Article 108 of the Act, shall file (including filing through the Home Tax Service Network) a statement of deduction of the input tax amount on recycled waste resources, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance and the aggregate invoices for individual suppliers or purchasers or receipts under Article 163 of the Income Tax Act or Article 121 of the Corporate Tax Act, with the head of the tax office, at the time of filing a return pursuant to Article 48 or 49 of the Value - Added Tax Act. In such cases, if the statement of deduction of the input tax amount on recycled waste resources, etc. omits any of the following descriptions or contains any false description of a transaction, no input tax amount shall be deducted: <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18312, Mar. 17, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24638, Jun. 28, 2013>

1. The registration number (in cases of an individual, his/her resident registration), and trade name of the supplier, and the name of its representative (in cases of an individual, his/her full name);

2. The acquisition value;

3. Deleted.<by Presidential Decree No. 18176, Dec. 30, 2003>

(6) Article 74 of the Enforcement Decree of the Value - Added Tax Act shall apply mutatis mutandis to the deduction of the input tax amount under paragraph (5).

<Newly Inserted by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 27848, Feb. 7, 2017>

Article 110 - 2 (Special Cases Concerning Deduction of Input Tax Amount for Value - Added Tax on Scrap, etc. of Business Operators of Scrap, etc.)(1) "Period

prescribed by Presidential Decree" in Article 108 - 2 (1) of the Act means a period for preliminary return provided for in Article 48 (1) of the Value - Added Tax Act.

(2) The input tax amount eligible for the special deduction of an input tax amount on scrap, etc. of a business operator who has filed a return with the head of the tax office having jurisdiction over the place of his/her business under Article 108 - 2 (1) of the Act, may be deducted or refunded up to the limit of the value - added tax amount (output tax amount) paid by the purchaser under Article 106 - 9 (3) of the Act.<Amended by Presidential Decree No. 26959, Feb. 5, 2016>

(3) Where the amount of tax deducted or refunded under Article 108 - 2 (1) of the Act exceeds the amount of tax to be refunded or deducted under Article 108 (1) or (2) of the Act as at the time of filing a final return on value - added tax, the excess amount shall be added to the payable value - added tax amount or deducted from the refundable tax amount.

(4) Article 110 (5) and (6) shall apply mutatis mutandis where a business operator of scrap, etc. files a return with the head of the tax office having jurisdiction over the place of business under Article 108 - 2 (1) of the Act. In this regard, "waste resources, etc. for recycling purposes" in Article 110 (5) and (6) shall be construed as "scrap, etc."<Amended by Presidential Decree No. 26959, Feb. 5, 2016>

[This Article Newly Inserted by Presidential Decree No. 24887, Nov. 29, 2013]

- Article 111 (Reduction or Exemption of Individual Consumption Tax, etc. for Replacing Decrepit Diesel Motor Vehicles)** (1) A new vehicle buyer who intends to be granted a reduction or exemption of individual consumption tax pursuant to Article 109 - 2 of the Act, shall apply for reduction or exemption to the relevant taxpayer provided for in Article 3 of the Individual Consumption Tax Act (hereafter in this Article, referred to as "taxpayer"), and file with such taxpayer an application for tax reduction or exemption for replacing a decrepit motor vehicle in the form prescribed by Ordinance Ministry of Strategy and Finance, the Motor Vehicle Registers of the decrepit diesel motor vehicle (referring to a decrepit diesel motor vehicle defined in the former part of Article 109 - 2 (1) of the Act; hereafter in this Article, the same shall apply) and the new vehicle, a copy of his/her resident registration certificate (or a copy of the business registration certificate in cases of a business operator), and other evidentiary documents prescribed by Ordinance Ministry of Strategy and Finance, by the end of the second month after the month in which the tax invoice of the new vehicle (referring to a new vehicle defined in the former part of Article 109 - 2 (1) of the Act; hereafter in this Article, the same shall apply) is issued. <Amended by Presidential Decree No. 27771, Jan. 10, 2017>
- (2) Upon receipt of an application for tax reduction or exemption filed by a new vehicle buyer under paragraph (1), a taxpayer shall verify the vehicle identification number, the license plate number, and the date of first registration of the decrepit diesel motor vehicle with the Motor Vehicle Register, and whether the new vehicle buyer owns a decrepit diesel motor vehicle as at June 30, 2016, and shall register such information in the system operated for replacing decrepit diesel motor vehicles (hereinafter referred to as the "Decrepit Diesel Motor Vehicle Replacement Checking System") by the association specified and publicly notified by the Minister of Strategy and Finance, among incorporated associations established pursuant to the Civil Act to conduct surveys and research projects for policies on the development of the automotive industry under articles of incorporation. <Amended by Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 27771, Jan. 10, 2017>
- (3) Upon receipt of an application for tax reduction or exemption filed by a new vehicle buyer, a taxpayer shall sell a new vehicle to such buyer giving a tax reduction as prescribed in Article 109 - 2 (1) and (2) of the Act, and issue the new vehicle buyer a written confirmation of a motor vehicle for replacing the decrepit

diesel motor vehicle (limited to where individual consumption tax is paid) in the form prescribed by Ordinance Ministry of Strategy and Finance and the tax invoice stamped with the word "For Replacing a Decrepit Diesel Motor Vehicle." <Amended by Presidential Decree No. 27771, Jan. 10, 2017>

(4) A taxpayer shall verify whether a new vehicle buyer meets the requirements prescribed in Article 109 - 2 (1) of the Act based on the materials submitted by the new vehicle buyer under paragraph (1), and submit relevant materials (hereafter in this paragraph, referred to as "paper - based forms") and data converting paper - based forms into an electronic form, such as a diskette or disk, to the head of a tax office having jurisdiction over the place of tax payment and the head of the customs office having jurisdiction over the place of clearance, by the 25th of the month following the second month after the month in which the tax invoice of the new vehicle is issued: Provided, That the taxpayer may submit paper - based forms to the head of the tax office and the head of the customs office having jurisdiction over the place where the new vehicle is sold.

(5) Deleted. <by Presidential Decree No. 27771, Jan. 10, 2017>

(6) Where a new vehicle buyer who has filed an application for tax reduction or exemption under paragraph (1), purchases a passenger car on which individual consumption tax and education tax has been already paid, the taxpayer or the person who has sold the passenger car to the new vehicle buyer shall get a refund or deduction by filing an application for refund (deduction) for replacing a decrepit diesel motor vehicle in the form prescribed by Ordinance Ministry of Strategy and Finance with regards to the difference between the individual consumption tax and education tax already paid and the individual consumption tax and education tax calculated under Article 109 - 2 (1) and (2) of the Act (hereafter in this Article, referred to as "difference"), with the head of the tax office and the head of the customs office who has collected the individual consumption tax and education tax on the new vehicle, by the 25th of the month following the month in which the tax invoice of the new vehicle is issued (or 25th of the month following the end of each quarter if a motor vehicle locally manufactured is shipped out of the Republic of Korea). <Amended by Presidential Decree No. 27771, Jan. 10, 2017>

(7) "In circumstances prescribed by Presidential Decree" in the proviso to Article 109 - 2 (3) of the Act, means the following circumstances: <Amended by Presidential

[Decree No. 27771, Jan. 10, 2017](#); [Presidential Decree No. 28009, May 8, 2017](#)>

1. Where a person fails to register a new vehicle under his/her name within the two-month period before and after the date the deteriorated diesel motor vehicle is deregistered;
2. In cases of a tax reduction or exemption and a penalty tax for one new vehicle, first registered in the Decrepit Diesel Motor Vehicle Replacement Checking System provided for in paragraph (2), where a person has been granted a tax reduction or exemption for at least two new vehicles in replacement of one decrepit diesel motor vehicle;
3. Where a person fails to deregister a decrepit diesel motor vehicle within two months from the date a new vehicle is registered;
4. Where it is deemed impracticable for the taxpayer to verify whether a new vehicle buyer meets the requirements prescribed in Article 109 - 2 (1) of the Act due to any other reason, such as forgery of the Motor Vehicle Register.

(8) "Extenuating circumstances prescribed by Presidential Decree" in Article 109 - 2 (4) of the Act, means the following: <[Amended by Presidential Decree No. 27771, Jan. 10, 2017](#); [Presidential Decree No. 28009, May 8, 2017](#)>

1. Where it is impossible to scrap or export the decrepit diesel motor vehicle due to the death of the new vehicle buyer or the occurrence of a natural disaster within two months from the date the new vehicle is registered;
2. Where the decrepit diesel motor vehicle is deregistered after two months from the date the new vehicle is registered due to a delay in the scrapping process or any other cause, although a request has been made to a business operator engaging in scrapping and recycling of motor vehicles (referring to a person whose business scrapping and recycling motor vehicles is registered under Article 53 of the Motor Vehicle Management Act) to scrap the decrepit diesel motor vehicle in accordance with Article 13 (1) 1 of the Motor Vehicle Management Act within two months from the date the new vehicle is registered.

(9) To verify whether a new vehicle buyer meets the requirements prescribed in Article 109 - 2 of the Act, the Commissioner of the National Tax Service and the Commissioner of the Korea Customs Service shall request the Minister of Land, Infrastructure and Transport to provide data recorded in the Motor Vehicle Register referred to in Article 5 of the Motor Vehicle Management Act; and the Minister of

Land, Infrastructure and Transport shall provide the Commissioner of the National Tax Service and the Commissioner of the Korea Customs Service with such data.

<Amended by Presidential Decree No. 24441, Mar. 23, 2013>

(10) To additionally collect the amount of tax reduced or exempted pursuant to Article 109 - 2 (3) of the Act, the head of the tax office or the head of the customs office shall notify the head of the Si (including Special Self - Governing City Mayors and the head of the Administrative Si established under Article 11 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City), Gun, or Gu (referring to an autonomous Gu) having jurisdiction over the place for payment of acquisition tax on the new vehicle buyer, of information about additional collection of tax by the end of the month following the month in which the tax is additionally collected.<Amended by Presidential

Decree No. 27771, Jan. 10, 2017>

[This Article Newly Inserted by Presidential Decree No. 21545, Jun. 19, 2009]

Article 111 - 2 (Scope, etc. of Participants in EXPO 2012 Yeosu Korea)(1) "Participants in the EXPO prescribed by Presidential Decree" in Article 108 (1) of the Act means those falling under any of the following subparagraphs:

1. Persons who have signed a contract (excluding contracts of participation in the manufacture, construction or operation of amusement facilities and contracts of participation in commercial facilities) of participation in the exposition with the Organizing Committee for the Expo 2012 Yeosu Korea (hereafter referred to as "Organizing Committee" in this Article);
2. Persons who have signed a subcontract of manufacture and construction of direct facilities for exposition under subparagraph 2 of Article 2 of the Special Act on Assistance to the EXPO 2012 Yeosu Korea with a participant under subparagraph 1 or the Organizing Committee.

(2) "EXPO management entity prescribed by Presidential Decree" in Article 109 - 3 (2) of the Act means those falling under any of the following subparagraphs:

1. Organizing Committee;
2. Where a juristic person for the management of projects and property concerning the exposition is established after the Organizing Committee is dissolved, such juristic person.

[This Article Newly Inserted by Presidential Decree No. 22037, Feb. 18, 2010]

Article 112 (Exemption from Individual Consumption Tax for Foreigners)(1) "Diplomat prescribed by Presidential Decree" in Article 110 (1) of the Act means persons prescribed in Article 25 (2) of the Enforcement Decree of the Individual Consumption Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20516, Dec. 31, 2007; Presidential Decree No. 22037, Feb. 18, 2010 >

(2) Article 23 or 30 of the Enforcement Decree of the Individual Consumption Tax Act shall apply mutatis mutandis to an application for approval under Article 110 (2) of the Act.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20516, Dec. 31, 2007 >

Article 112 - 2 (Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)(1) "Motor vehicle prescribed by Presidential Decree with the engine displacement of less than 1,000 cc" in Article 111 - 2 (1) of the Act, means a motor vehicle with the engine displacement of less than 1,000 cubic centimeters, which does not exceed 3.6 meters in length, 1.6 meters or less in width, and 2.0 meters in height.

(2) Deleted.<by Presidential Decree No. 22037, Feb. 18, 2010 >

(3) The limit of annual refunds referred to in Article 111 - 2 (3) of the Act, shall be 200,000 won. In such cases, the calculation of the limit of annual refunds under Article 111 - 2 (1) of the Act shall be based on the period between January 1, 2017 and December 31, 2017 and the period between January 1, 2018 and December 31, 2018, respectively.<Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017; Presidential Decree No. 27978, Apr. 7, 2017 >

(4) The Commissioner of the National Tax Service shall designate a credit card company defined in subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act (hereafter in this Article, referred to as "credit card company") to issue oil purchase cards for refund (hereafter in this Article, referred to as "oil purchase card for refund") pursuant to Article 111 - 2 (4) of the Act. In such cases, the Commissioner of the National Tax Service may impose a condition that no annual

fees shall be collected on the oil purchase cards for refund when designating a credit card company.

(5) A person who intends to get a refund of the traffic, energy and environment tax, and individual consumption tax under Article 111 - 2 (1) and (3) of the Act (hereafter in this Article, referred to as "eligible person"), shall apply for the issuance of an oil purchase card for refund to any of credit card companies.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(6) To verify whether a person is eligible for refunds under Article 111 - 2 (1) of the Act, the Commissioner of the National Tax Service may request the Minister of Patriots and Veterans Affairs, the Special Self - Governing Province Governor, and the head of a Si/Gun/Gu (the head of a Gu refers to the head of an autonomous Gu; hereafter in this Article, referred to as "competent authority") having jurisdiction over the address of the person to provide information necessary to verify his/her eligibility for refunds, such as the electronic data from resident registration, electronic data on motor vehicles registered under Article 69 (2) of the Motor Vehicle Management Act, and a list of the persons of distinguished services to the State, and a list of persons of distinguished service to the State and persons with disabilities, who are eligible for benefits from the assistance projects provided for in Article 3 (1) 10 - 2 of the Enforcement Decree of the Act on the Special Accounts for Energy and Resources - Related Projects, to the credit card company which has received an application under paragraph (5) as prescribed in Article 111 - 2 (11) of the Act, and the Minister of Patriots and Veterans Affairs and the competent authority shall supply the related information immediately. In such cases, the competent authority shall provide only the information verifying whether the person in question is eligible for refunds electronically.

(7) Deleted.<by Presidential Decree No. 22037, Feb. 18, 2010>

(8) Paragraph (6) shall apply mutatis mutandis to requests for information and provision of the information if the information provided under paragraph (6) is revised.<Amended by Presidential Decree No. 22037, Feb. 18, 2010>

(9) A credit card company shall determine whether the person in question is eligible for refunds based on the information provided under paragraph (6), and shall issue an oil purchase card for refund to the relevant applicant within 15 days after receipt of the application, or notify the applicant that he/she is not eligible.

(10) Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010 >

(11) A credit card company that intends to get a refund of the amount of tax refundable or to be granted a deduction thereof from the amount of tax payable under Article 111 - 2 (5) of the Act, shall submit an application stating the volume (to be calculated by the method prescribed by Ordinance of the Ministry of Strategy and Finance) of oil for refund that the eligible persons have purchased each month with the oil purchase card for refund, amount of tax refundable, etc. and evidentiary documents to the head of the competent tax office by the 10th of the following month. In such cases, the application form and evidentiary documents shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(12) Upon receipt of an application under paragraph (11), the head of the tax office shall either refund a tax to the relevant credit card company or deduct the relevant amount from the amount of tax payable, by the end of the month in which he/she receives the application.

(13) In any of the following cases, the Commissioner of the National Tax Service and the credit card company shall immediately notify each other thereof, and the credit card company shall suspend the oil purchase card for refund:

1. Where a person who has been issued an oil purchase card for refund becomes ineligible for refunds;
2. Where an eligible person has become ineligible for refunds as prescribed in Article 111 - 2 (8) of the Act;
3. Where Article 111 - 2 (10) 1 or 2 of the Act is applicable.

(14) The Minister of Land, Infrastructure and Transport shall provide electronic data on motor vehicle registered under Article 69 (2) of the Motor Vehicle Management Act to the competent authority for the performance of the duties provided for in paragraphs (6) and (8) (limited to cases to which paragraph (6) shall apply mutatis mutandis). <Amended by Presidential Decree No. 24441, Mar. 23, 2013 >

(15) At the time of issuing an oil purchase card for refund to an eligible person, every credit card company shall give the eligible person detailed explanations about the disadvantages associated with the wrongful issuance or unlawful use of the oil purchase card for refund.

(16) Except as otherwise expressly provided for in this Decree, the provisions of the Specialized Credit Finance Business Act prescribing filing applications for, and

issuance of, credit cards and debit cards, shall apply to filing applications for, and issuance of, oil purchase cards for refund.

[This Article Wholly Amended by Presidential Decree No. 21064, Oct. 7, 2008]

Article 112 - 3 (Reduction or Exemption of Individual Consumption Tax, etc. on Taxi

Fuel)(1) The general taxi transport business operator and the owner - driver taxi transport business operator (hereafter referred to as "taxi transport business operator" in this Article) who intend to have individual consumption tax and education tax reduced or exempted under Article 111 - 3 (1) of the Act shall apply for the issuance of tax - exempted taxi oil purchase card (hereafter referred to as "tax - exempted taxi oil purchase card" in this Article) to the credit card company hereafter referred to as "credit card company" in this Article) under subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act. <Amended by Presidential Decree No. 22583, Dec. 30, 2010 >

(2) The credit card company who has received application under paragraph (1) shall confirm, within 15 days from the day he/she received the application, whether the taxi transport business operator conforms to the requirements with the Special Metropolitan City Mayor/Metropolitan City Mayor/Do governor (referring to the head of a Si/Gun, where the authority of Do governor has been delegated to the head of a Si/Gun)/Special Self - Governing Province governor (hereafter referred to as "competent authority" in this Article) who issued license to the taxi transport business operator, and shall issue tax - exempted taxi oil purchase card or notify the applicant that he/she is not eligible.

(3) The credit card company who intends to have tax refund refunded or to have tax amount deducted under Article 111 - 3 (3) of the Act shall submit an application stating the volume (to be calculated by a calculation method prescribed by Ordinance of the Ministry of Strategy and Finance) of butane for tax reduction or exemption that the taxi transport business operator has purchased every month through tax - exempted taxi oil purchase card, amount of tax refund, etc. and evidencing papers to the head of the competent tax office by 10th of the next month. In such cases, application and evidencing papers shall be prescribed by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 22583, Dec. 30, 2010 >

(4) The head of tax office who has received application under paragraph (3) shall either refund the reduced or exempted tax amount to the credit card company or shall deduct it from the tax amount to be paid by the end of the month. <Amended by Presidential Decree No. 22583, Dec. 30, 2010>

(5) Where it falls under any of the following subparagraphs, the competent authority, the Commissioner of the National Tax Service and credit card company shall notify each other immediately, and the credit card company shall suspend the function of the tax - exempted taxi oil purchase card of the person concerned:

1. Where the taxi transport business operator ceases to fall under the taxi transport business operator, due to cessation of business, transfer of license, etc;
2. Where the taxi transport business operator has been excluded from the list of recipients of tax - exempted taxi oil purchase card under Article 111 - 3 (6) of the Act;
3. Where he/she falls under Article 111 - 3 (8) 1 or 2 of the Act.

(6) When the credit card company issues tax - exempted taxi oil purchase card to the taxi transport business operator, he/she shall expound the disadvantages to suffer when it is issued unjustly or used unlawfully.

(7) Matters that are not prescribed in this Decree concerning the application and issuance of tax - exempted taxi oil purchase card shall be pursuant to the example of application and issuance of credit card and debit card under the Specialized Credit Finance Business Act.

[This Article Newly Inserted by Presidential Decree No. 20774, Apr. 30, 2008]

Article 112 - 4 (Special Cases concerning Refund of Individual Consumption Tax, etc.

on Fuel of Motor Vehicles for Diplomats, etc.)(1) "Foreign diplomatic mission, foreign diplomat, etc. in the Republic of Korea prescribed by Presidential Decree" in Article 111 - 4 (1) of the Act means any of the following entities. Article 16 (5) of the Individual Consumption Tax Act, Article 14 (3) of the Traffic, Energy and Environment Tax Act or Article 25 of the Value - Added Tax Act shall apply mutatis mutandis thereto: <Amended by Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 24638, Jun. 28, 2013>

1. Diplomatic missions, consular posts (excluding those headed by honorary consular officers), the United Nations, and corresponding international organizations, which

are stationed in the Republic of Korea (only applicable to where privileges and exemptions may be granted pursuant to treaties to which the Republic of Korea is a party and other local Acts and subordinate statutes);

2. Non - Korean nationals who belong to the institutions mentioned in subparagraph 1 and are granted the status of public officials from the relevant countries, or persons verified as having equivalent status from the Minister of Foreign Affairs.

(2) The Commissioner of the National Tax Service shall designate a credit card company as defined in subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act (hereafter referred to as "credit card company" in this Article) to issue oil purchase cards for refund under Article 111 - 4 (2) of the Act (hereafter referred to as "oil purchase card" in this Article). In such cases, the Commissioner of the National Tax Service may impose a condition that no annual fees shall be imposed on the oil purchase cards when designating a credit card company.

(3) A person who intends to obtain a tax refund under Article 111 - 4 (1) of the Act (hereafter referred to as "person eligible for refund" in this Article) shall file an application for issuance of an oil purchase card with the credit card company, along with a document issued by the Minister of Foreign Affairs confirming that he/she is a person eligible for refund. <Amended by Presidential Decree No. 24441, Mar. 23, 2013>

(4) Upon receiving an application under paragraph (3), a credit card company shall issue an oil purchase card to the relevant applicant within 15 days from the date of receipt of the application.

(5) A credit card company that intends to obtain a tax refund or a deduction of the relevant amount from the tax payable under Article 111 - 4 (1) of the Act shall submit an application stating the kind and quantity (referring to the quantity calculated by the method prescribed by Ordinance of the Ministry of Strategy and Finance) of the oil subject to refund purchased with the oil purchase card in the relevant month, amount of the refund, etc. as well as the evidentiary documents, to the head of the competent tax office by the 10th of the following month. In such cases, the application form and the evidentiary documents shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(6) The head of a tax office in receipt of an application under paragraph (5) shall give a tax refund or deduct the relevant amount from the amount of tax payable, by the end of the relevant month.

(7) Upon making a refund or deduction under paragraph (6), the head of a tax office shall inform the Ulsan Metropolitan City Mayor of the data prescribed by Ordinance of the Ministry of Strategy and Finance by the 10th of the following month, and the Ulsan Metropolitan City Mayor shall refund the amount of automobile tax on driving of an automobile to the relevant credit card company by 20th of the month following the date the application for refund is filed under paragraph (5).

(8) The amount of tax refund under Article 111 - 4 (3) of the Act shall be collected by the head of a tax office having jurisdiction over the address of a person falling under any of the subparagraphs of Article 111 - 4 (3) of the Act: Provided, That the amount of tax refund with respect to driving of an automobile shall be collected by the Ulsan Metropolitan City Mayor.

(9) The Minister of Foreign Affairs, the Commissioner of the National Tax Service, the Ulsan Metropolitan City Mayor, and a credit card company shall immediately notify each other in any of the following cases; and the credit card company shall suspend the function of an oil purchase card in cases falling under subparagraph 1 or 2: <Amended by Presidential Decree No. 24441, Mar. 23, 2013>

1. Where a person who has been issued an oil purchase card becomes ineligible for refund;
2. Where a person ineligible for refund uses an oil purchase card by having it issued or by acquiring it;
3. Where a person eligible for refund uses oil purchased with an oil purchase card for any purpose, other than the fuel of the relevant automobile.

(10) Every credit card company shall explain in detail disadvantages the credit card holder may suffer where the card is fraudulently issued or wrongfully used when issuing an oil purchase card to a person eligible for refund.

(11) Unless otherwise expressly provided for in this Decree, filing applications for, and issuance of oil purchase cards shall be governed by the provisions of the Specialized Credit Finance Business Act stipulating applications for and issuance of credit cards and debit cards.

(12) The Commissioner of the National Tax Service may determine necessary matters concerning the use, etc. of oil purchase cards in consultation with the Minister of Foreign Affairs. <Amended by Presidential Decree No. 24441, Mar. 23, 2013>

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 112 - 5 (Grounds for Exemption from Collection of Individual Consumption Tax on Transfer, etc. of Diplomats' Tax - Exempt Vehicles)

"If a diplomat (~omitted~) leaves his/her post and departs from the Republic of Korea or in exceptional situations prescribed by Presidential Decree" in the proviso to Article 113 (1) of the Act means any of the following cases:

1. Where a diplomat as defined under Article 110 (1) of the Act (hereinafter referred to as "diplomat") leaves his/her post and departs from the Republic of Korea for his/her home country or a third country;
2. Where a diplomat's service ends or a diplomat loses his/her position;
3. Where a diplomat dies.

[This Article Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015]

Article 112 - 6 (Institutions Submitting Data for Management of Tax - Free Petroleum, etc., Kinds of Data, etc.)(1) "Institutions, organizations, etc. prescribed by Presidential Decree" in the fore part of Article 113 - 2 (2) of the Act means any of the following institutions, organizations, etc.:

1. Central government agencies referred to in Article 6 of the National Finance Act (including agencies to which the duties of the central government agencies are delegated or entrusted);
2. Agricultural cooperatives and the National Agricultural Cooperative Federation established under the Agricultural Cooperatives Act;
3. Forestry cooperatives and the National Federation of Forestry Cooperatives established under the Forestry Cooperatives Act;
4. Fisheries cooperatives and the National Federation of Fisheries Cooperatives established under the Fisheries Cooperatives Act;
5. The Korea Shipping Association established under the Korea Shipping Association Act;
6. Persons exempt from taxes on petroleum products or eligible for tax refunds or deductions under the Individual Consumption Tax Act or the Traffic, Energy and Environment Tax Act.

(2) "Information or data prescribed by Presidential Decree" in the fore part of Article 113 - 2 (2) of the Act means any of the following information or data: <Amended by

[Presidential Decree No. 26959, Feb. 5, 2016](#)>

1. Details of tax - free petroleum purchase cards or delivery orders issued under Article 106 - 2 (4) of the Act;
 2. Details of certificates of supply of tax - free petroleum issued under Article 22 of the Regulations on Special Cases concerning Application, etc. of Zero Rate of, or Exemption from, Value Added Tax on Materials and Petroleum Products for Agriculture, Livestock Industry, Forestry, and Fisheries;
 3. Details of certificates of supply issued under Articles 20 (3) 3 and 34 (3) 4 of the Enforcement Decree of the Individual Consumption Tax Act and Articles 17 (3) 2 and 24 (2) 2 of the Enforcement Decree of the Traffic, Energy and Environment Tax Act;
 4. Details of certificates of loading of petroleum products used for vessels in international navigation or deep - sea fishery vessels issued under subparagraph 4 of Article 4 of the Act on Special Cases concerning the Refund of Customs Duties, etc. Levied on Raw Materials for Export;
 5. Details of exposure and regulation on the facts, etc. of receiving supply of petroleum products falling under Article 113 - 2 (1) of the Act (hereafter referred to as "tax - free petroleum, etc." in this Article) in an unjust manner or using, transferring or selling them for purposes other than the relevant use;
 6. Details of transactions of tax - free petroleum, etc. prescribed by the Commissioner of the National Tax Service as deemed necessary for the construction and operation of the computerized system under Article 113 - 2 (1) of the Act.
- (3) Each head of an institution or organization in receipt of a request to submit data shall furnish the quarterly data to the Commissioner of the National Tax Service through the national tax information and communications network by the end of the month following each quarter; Provided, That the Commissioner of the National Tax Service may otherwise determine a deadline for submission of data, considering the frequency of the relevant data production, timing for utilizing them, etc.
- (4) Other necessary detailed matters, such as the forms and procedure for submission of data, shall be prescribed by the Commissioner of the National Tax Service.

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 113 (Exemption from Liquor Tax on Goods Sold to Military Personnel, etc.)(1)

"Military personnel, military civilian employees, and awardees of the order of military merit Taegeuk or Ulji, who are prescribed by Presidential Decree" in Article 114 (1) of the Act, means the following persons: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27620, Nov. 29, 2016 >

1. Military personnel or military civilian employees prescribed by the Military Personnel Management Act or the Act on the Management of Civilian Personnel in the Military Service, military cadets of the preliminary military service under military training by enlistment in the army, and persons called up for military force mobilization training or military training under the Military Service Act;
2. Persons who have received the order of military merit Taegeuk or Ulji shall be those recognized by the Minister of Patriots and Veterans Affairs as leading a destitute life under Article 11 (1) of the Enforcement Decree of the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State.

(2) Goods exempt from liquor tax under Article 114 of the Act are as follows. In such cases, with respect to the enlistees (including appointed staff sergeants who are not volunteers), military academy students, cadet officers, or cadet deputy officers under the Military Personnel Management Act, military cadets of the preliminary military service under military training by enlistment in the army, and persons called up for military force mobilization training or military training under the Military Service Act, such goods shall be limited to subparagraph 3, which is consumed on the premises:<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 17158, Mar. 27, 2001; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 27620, Nov. 29, 2016 >

1. and 2. Deleted;<by Presidential Decree No. 19329, Feb. 9, 2006 >
3. Alcoholic liquors;
4. through 14. Deleted.<by Presidential Decree No. 16693, Jan. 10, 2000 >

(3) Article 30 of the Enforcement Decree of the Liquor Tax Act shall apply mutatis mutandis to the exemption of liquor tax under Article 114 of the Act. In such cases, where goods are returned from a store or delivery point to the factory due to quality defects, or are confirmed by the head of the competent tax office as having been destroyed or lost due to a natural disaster or other unavoidable reasons, such goods may be shipped out with the exemption of liquor tax on the quantity equivalent thereto. <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006 >

(4) Where any of the following events occurs in relation to goods exempted from liquor tax under Article 114 (1) of the Act, the liquor tax exempted shall be collected from the following relevant person: <Amended by Presidential Decree No. 19329, Feb. 9, 2006 >

1. Where a person has sold or delivered the goods to any person other than a tax - exempt person (excluding the goods delivered to a person who can be identified as a family member of a tax - exempt person), the person who has sold or delivered such goods;
2. Where a person has transferred the tax - free goods purchased by a tax - exempt person to a third person within the period set by the Minister of National Defense, the person who has transferred such tax - free goods;
3. Where a person has concluded a contract for purchase of goods in excess of the maximum tax - free quantity determined under Article 114 (2) of the Act, and ships out such goods without paying any tax, the person who has concluded such contract;
4. Where a person has shipped out goods in excess of the quantity stated in a contract for supply of tax - free goods without paying any tax, the person who has shipped out such goods;
5. Where a person has delivered tax - free goods at any place other than the place for delivery of tax - free goods prescribed by the Commissioner of the National Tax Service, the person who has delivered such tax - free goods.

(5) Upon the conclusion of a contract for supply of tax - free goods or upon the occurrence of any event specified under paragraph (4), the Minister of National Defense shall notify the Commissioner of the National Tax Service of the facts without delay.

(6) Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006>

(7) The Commissioner of the National Tax Service may prescribe the procedures for performing the tax - exemption affairs and the conditions necessary for regulatory control pursuant to Article 114 (5) of the Act.

Article 114 (Exemption from Stamp Tax)

"Financial institution prescribed by Presidential Decree" in Article 116 (1) 19 of the Act, means a financial institution defined in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

[This Article Wholly Amended by Presidential Decree No. 17458, Dec. 31, 2001]

Article 115 (Exemption from Securities Transaction Tax)(1) "Person prescribed by Presidential Decree" in the main sentence of Article 117 (1) 2 - 5 and Article 117 (1) 3 of the Act, means an investment trader defined in Article 8 (2) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "market maker"), which meets the requirements prescribed by Ordinance of the Ministry of Strategy and Finance and has entered into an agreement for market making (hereafter in this Article, referred to as "market making agreement") pursuant to the Securities Market Business Regulations established under Article 393 (1) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "Securities Market Business Regulations") and the Derivatives Market Business Regulations established under Article 393 (2) of the same Act (hereafter in this Article, referred to as "Derivatives Market Business Regulations"), with the Korea Exchange that is deemed to have obtained permission for a stock exchange under Article 15 (1) of the Addenda to the Financial Investment Services and Capital Markets Act (Act No. 11845) (hereafter in this Article, referred to as the "Korea Exchange"). <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(2) "Where a person transfers any of the following stocks, as prescribed by Presidential Decree" in the main sentence of Article 117 (1) 2 - 5 of the Act, means where a person transfers stocks through the account only for trading stocks consisting of the stock index that constitutes the underlying asset of stock derivatives or the underlying asset of stock - index derivatives (hereafter in this

Article, referred to as "stocks for hedging"), subject to the relevant market making agreement, as stock futures or stock options (hereafter in this Article, referred to as "stock derivatives") or stock - index futures or stock - index options (hereafter in this Article, referred to as "stock - index derivatives"), as defined in the Derivatives Market Business Regulations.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(3) "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" in the proviso to Article 117 (1) 2 - 5 of the Act, means where a person transfers stocks for hedging, as prescribed by Ordinance of the Ministry of Strategy and Finance, to hedge risks that may be caused by the fluctuation of prices of stock derivatives or stock - index derivatives in the course of trading such stock derivatives or stock - index derivatives under the market making agreement. In such cases, the Korea Exchange shall give notice of the ratio specified by Ordinance of the Ministry of Strategy and Finance for the calculation of the quantity of stocks that may be traded for hedging depending on the traded quantity of stock derivatives or stock - index derivatives to market makers each trading day, as prescribed by Ordinance of the Ministry of Strategy and Finance.<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(4) Where a market maker transfers stocks for hedging pursuant to paragraph (3), it shall file a statement of the transaction of stocks for hedging in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "statement of hedging transactions") with the Korea Securities Depository established under Article 294 of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as the "Korea Securities Depository").<Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(5) "Where a person (~omitted~) transfers stocks, as prescribed by Presidential Decree" in Article 117 (1) 3 of the Act, means where a person transfers stocks defined in the Securities Market Business Regulations through the account only for trading stocks subject to the relevant market making agreement, as prescribed by Ordinance of the Ministry of Strategy and Finance.<Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016>

(6) The Korea Exchange shall identify transactions eligible for exemption from securities transaction tax under paragraph (5) in a list of transactions of stocks subject to market - making and give notice thereof to the relevant market maker and the Korea Securities Depository each trading day, as prescribed by Ordinance of the Ministry of Strategy and Finance. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(7) Where a market maker transfers stocks pursuant to paragraph (5), it shall file a statement of market making transactions in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "statement of market making transactions") with the Korea Securities Depository. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(8) "Derivatives prescribed by Presidential Decree" in Article 117 (1) 5 of the Act, means the following (hereafter in this Article, referred to as "futures for arbitrage trading"): <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

1. Stock futures;
2. KOSPI 200 futures and Mini KOSPI 200 futures;
3. KOSDAQ 150 futures;
4. Synthetic futures specified by Ordinance of the Ministry of Strategy and Finance, combining options based on underlying assets identical with the futures referred to in subparagraphs 1 through 3.

(9) To be eligible under Article 117 (1) 5 of the Act, 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 (hereafter in this Article, referred to as "agency in overall charge of postal services"), shall open an account only for arbitrage trading prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "account only for arbitrage trading") through a financial investment business entity defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "financial investment business entity"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(10) "Where the agency transfers stocks, as prescribed by Presidential Decree" in Article 117 (1) 5 of the Act, means a transfer of stocks meeting each of the following requirements: Provided, That, if a transfer fails to meet the requirement

prescribed in subparagraph 4, the sale of stocks that meet the ratio specified in the same subparagraph shall be deemed to meet said requirement:<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

1. The agency in overall charge of postal services shall transfer stocks through an account only for arbitrage trading;
2. If stocks are purchased, the relevant purchase agreement and the agreement for the sale of futures for arbitrage trading shall be made on the same trading date;
3. If stocks are sold, the relevant sale agreement and the agreement for the purchase of futures for arbitrage trading (including settlement at maturity on the last trading date of the sale agreement) shall be made on the same trading date;
4. The amount of transfer of stocks sold under subparagraph 1 shall not exceed 103/100 of the clearing amount of the purchase agreement of futures for arbitrage trading under subparagraph 3 (including the amount of settlement at maturity on the last trading date of the sale agreement);
5. Where futures for arbitrage trading specified under paragraph (8) (excluding futures based on underlying assets of individual stocks) and stocks are sold, the aggregate of the ratio (which shall not exceed the ratio of the total market price of the issue to the index based on underlying assets of the futures for arbitrage trading) of the total market price of each issue of the sold stocks shall be at least 95/100.

(11) For the purposes of paragraph (10) 2, if stocks have been purchased but an agreement for the sale of futures for arbitrage trading is not made, the agency in overall charge of postal services shall transfer the relevant stocks to other account until the date of purchase: Provided, That excluded herefrom shall be where stocks are purchased to reflect any change in issues consisting of a stock index, which is the underlying asset of futures for arbitrage trading.<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(12) The Korea Exchange shall identify transactions that meet the requirements prescribed under paragraph (10) (excluding the requirement prescribed for in paragraph (10) 2) in a list of transactions of the agency in overall charge of postal services and shall give notice thereof to the financial investment business entity with which the account only for arbitrage trading is opened and the Korea Securities Depository each trading date in the manner prescribed by Ordinance of the Ministry

of Strategy and Finance. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(13) When the agency in overall charge of postal services transfers stocks under paragraph (10), it shall file a statement of arbitrage trading in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "statement of arbitrage trading") to the Korea Securities Depository through the financial investment business entity. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(14) "Company prescribed by Presidential Decree" in Article 117 (1) 23 of the Act, means any of the following companies: <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26600, Oct. 23, 2015>

1. A company showing signs of insolvency defined in subparagraph 5 of Article 2 of the Corporate Restructuring Promotion Act;
2. A company that has filed an application to commence rehabilitation proceedings with the court under Article 34 or 35 of the Debtor Rehabilitation and Bankruptcy Act;
3. A company that has filed for bankruptcy with the court under Article 294 or 295 of the Debtor Rehabilitation and Bankruptcy Act;
4. A company that intends to implement restructuring or financial restructuring under Article 249 - 22 (1) 5 of the Financial Investment Services and Capital Markets Act.

(15) A person who wishes to be eligible under Article 117 (1) of the Act, shall file an application for tax exemption in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return on securities transactions tax. In such cases, a person who wishes to be eligible under Article 117 (1) 2 - 5 of the Act, shall additionally submit a statement of hedging transactions received from the market maker; a person who wishes to be eligible under Article 117 (1) 3 of the Act, shall additionally submit a statement of market - making transactions received from the market maker; and a person who wishes to be eligible under Article 117 (1) 5 of the Act, shall additionally submit a statement of arbitrage trading received from the agency in overall charge of postal services. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(15) The methods for calculating the clearing amount of a purchase agreement under paragraph (10) 4 and the ratio of total market price under paragraph (10) 5, and other necessary matters, shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>
[This Article Wholly Amended by Presidential Decree No. 16584, Oct. 30, 1999]

Article 115 - 2 (Standards, etc. for Reduction or Exemption of Customs Duties for

Overseas Korean Enterprises on their Return to Korea)(1) "Capital goods prescribed by Presidential Decree" in the main sentence of Article 118 - 2 (1) of the Act, means goods satisfying each of the following requirements that: <Amended by Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 25211, Feb. 21, 2014 >

1. Such capital goods (referring to capital goods defined in Article 2 (1) 9 of the Foreign Investment Promotion Act; hereafter in this Article, the same shall apply) shall be required by a person who intends to be granted a reduction or exemption of customs duties under Article 118 - 2 (1) of the Act for direct use in a business commenced or a place of business newly established or expanded in the Republic of Korea, and confirmed by the Minister of Trade, Industry and Energy;
2. Such capital goods shall be declared as imported under the Customs Act, within five years (or six years where the Minister of Trade, Industry and Energy confirms that the process for approving the establishment of a factory is delayed or other extenuating circumstances exist) from the date on which a person who intends to be granted a reduction or exemption of customs duties under Article 118 - 2 (1) of the Act has been selected by the Minister of Trade, Industry and Energy as an enterprise returning to the Republic of Korea, eligible for assistance under Article 7 of the Act on Assistance to Korean Off - Shore Enterprises in Repatriation.

(2) "Middle - standing enterprise prescribed by Presidential Decree" in Article 118 - 2 (1) 1 of the Act, means a middle - standing enterprise provided for in Article 10 (1).
<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

(3) The following shall apply to the payment of the customs duties reduced or exempted under Article 118 - 2 (3) of the Act:

1. In cases falling under Article 118 - 2 (3) 1 of the Act: Customs duties reduced or exempted under Article 118 - 2 (1) of the Act for three years retroactively from

the date the relevant person cannot operate his/her business continuously, such as the date of closure;

2. In cases falling under Article 118 - 2 (3) 2 of the Act: Customs duties reduced or exempted under Article 118 - 2 (1) of the Act;

3. In cases falling under Article 118 - 2 (3) 3 of the Act: Customs duties reduced or exempted for the relevant capital goods.

(4) "As prescribed by Presidential Decree" in Article 118 - 2 (3) 2 of the Act, means the following cases: <Amended by Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

1. Where the Minister of Trade, Industry and Energy revokes the selection of an enterprise returning to the Republic of Korea, eligible for assistance, due to any cause other than those prescribed in Article 118 - 2 (3) 1 of the Act;

2. Where a person, who relocates his/her place of business to the Republic of Korea under Article 104 - 24 (1) 1 of the Act with a customs duties reduction or exemption as prescribed in Article 118 - 2 (1) of the Act, fails to meet the requirements prescribed in Article 104 - 21 (1) 1 or 2;

3. Where the requirements prescribed under Article 118 - 2 (1) of the Act are not met.

(5) Article 100 (2) of the Customs Act shall apply mutatis mutandis to calculating the additional tax to be imposed pursuant to the subparagraphs of paragraph (3).

(6) Article 112 of the Enforcement Decree of the Customs Act shall apply mutatis mutandis to filing applications for reduction or exemption under Article 118 - 2 (4) of the Act, and other necessary documents, matters to be stated, etc. shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(7) Upon revoking the selection of an enterprise returning to the Republic of Korea, eligible for assistance under Article 7 of the Act on Assistance to Korean Off - Shore Enterprises in Repatriation pursuant to Article 8 of the same Act, the Minister of Trade, Industry and Energy shall immediately notify the Commissioner of the Korea Customs Service of such revocation. <Amended by Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

CHAPTER IV Deleted.

Article 116 Deleted. <by [Presidential Decree No. 26070, Feb. 3, 2015](#)>

CHAPTER V SPECIAL TAXATION FOR FOREIGNERS' INVESTMENT, ETC.

Article 116 - 2 (Standards, etc. for Tax Reduction or Exemption)(1) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 1 of the Act, shall meet each of the following requirements: <Amended by [Presidential Decree No. 27848, Feb. 7, 2017](#)>

1. Factory facilities (referring to a place of business in cases of any business activities other than manufacturing activities according to the Korean Standard Industrial Classification; hereafter in this Chapter, the same shall apply) shall be established or operated to engage in a business that requires the technologies provided for in paragraph (2);
2. The amount of the foreign investment shall be at least the amount specified by Ordinance of the Ministry of Strategy and Finance, taking into account the characteristics, etc. of the new growth engine industry.

(2) "Technologies prescribed by Presidential Decree" in Article 121 - 2 (1) 1 of the Act, means technologies specified by Ordinance of the Ministry of Strategy and Finance (hereinafter referred to as "technologies for the new growth engine industry") for each field of new grow engines and source technologies specified in attached Table 7, and technologies for materials, manufacturing processes, etc. directly related thereto.<[Amended by Presidential Decree No. 27848, Feb. 7, 2017](#)>

(3) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 of the Act, means any foreign investment made to establish any of the following new facilities within foreign investment zones designated under Article 18 (1) 2 of the Foreign Investment Promotion Act:<[Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18669, Jan. 5,](#)

2005; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 18736, Mar. 8, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21719, Sep. 9, 2009; Presidential Decree No. 21882, Dec. 14, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017; Presidential Decree No. 27972, Mar. 29, 2017 >

1. Where a foreign investment of at least thirty million U.S. dollars is made to establish a new facility to engage in any of the following business activities:
 - (a) Manufacturing activities;
 - (b) Computer programming, system integration, and management services;
 - (c) Data processing, hosting, and other related service activities;
2. Where a foreign investment of at least twenty million U.S. dollars is made to establish a new facility to engage in any of the following business activities:
 - (a) A tourist hotel business, a floating tourist hotel business, and a Korean traditional hotel business defined in Article 2 (1) 2 (a) through (c) of the Enforcement Decree of the Tourism Promotion Act;
 - (b) A specialized resort business and a general resort business defined in Article 2 (1) 3 (a) and (b) of the Enforcement Decree of the Tourism Promotion Act, and a general amusement complex business defined in Article 2 (1) 5 (a) of the same Decree;
 - (c) International convention facilities defined in subparagraph 3 of Article 2 of the International Conference Industry Promotion Act;
 - (d) A resort condominium business defined in Article 3 (1) 2 (b) of the Tourism Promotion Act;
 - (e) Youth training facilities defined in subparagraph 1 of Article 10 of the Juvenile Activity Promotion Act;
3. Where a foreign investment of at least ten million U.S. dollars is made to establish a new facility to engage in any of the following businesses or projects:
 - (a) A combined logistics terminal business defined in subparagraph 4 of Article 2 of the Act on the Development and Management of Logistics Facilities;
 - (b) A business creating and operating a joint collection and delivery center defined in subparagraph 15 of Article 2 of the Distribution Industry Development Act;

- (c) A business operating a harbor facility defined in subparagraph 5 of Article 2 of the Harbor Act, and a logistics business operated within a harbor hinterland complex defined in subparagraph 7 of the same Article;
 - (d) A business operating an airport facility defined in subparagraph 7 of Article 2 of the Airport Facilities Act, and a logistics business operated within an airport zone defined in subparagraph 4 of the same Article;
 - (e) A project creating revertible facilities defined in subparagraph 3 of Article 2 of the Act on Public - Private Partnerships in Infrastructure, among the public - private partnership projects defined in subparagraph 5 of Article 2 of the same Act;
4. Where a research facility is newly established or extended to engage in research and development activities for the business provided for in Article 121 - 2 (1) 1 of the Act (hereafter in this subparagraph, referred to as "business"), and:
- (a) The amount of the foreign investment shall be at least two million U.S. dollars;
 - (b) The number of regular researchers with at least a master ' s degree in the field relating to the business, who have at least three years ' research experience, shall be at least ten;
5. Where a business is engaged in by at least two foreign - capital - invested companies located in the same foreign investment zone designated under Article 18 (1) 2 of the Foreign Investment Promotion Act, and:
- (a) The amount of the foreign investment shall be at least thirty million U.S. dollars;
 - (b) Facilities to engage in any of the businesses referred to in subparagraphs 1 through 4 shall be newly established.
- (4) A former free export zone deemed a foreign investment zone under Article 5 (3) of the Addenda to the Government Organization Act (Act No. 5982), shall be deemed a foreign investment zone designated under Article 18 (1) 2 of the Foreign Investment Promotion Act; and Articles 121 - 2 through 121 - 7 of the Act shall apply to the factory facilities established in such zone, notwithstanding paragraph (3).
<Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005>
- (5) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 -

2 (1) 2 - 2 or 2 - 8 of the Act, means any foreign investment made to establish any of the following new facilities within the free economic zones defined in subparagraph 1 of Article 2 of the Special Act on Designation and Management of Free Economic Zones, or 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"): <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21656, Jul. 30, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017 >

1. Where a foreign investment of at least ten million U.S. dollars is made to establish a new factory facility to engage in manufacturing activities;
2. Where a foreign investment of at least ten million U.S. dollars is made to establish a new facility to engage in any of the business activities specified under paragraph (3) 2;
3. Where a foreign investment of at least five million U.S. dollars is made to establish a new facility to engage in any of the business activities specified in paragraph (3) 3 (a) through (d);
4. Where a foreign investment of at least five million U.S. dollars is made to establish a new medical institution pursuant to Article 23 (1) of the Special Act on Designation and Management of Free Economic Zones or Article 62 (1) of the Special Act on Promotion and Support for Saemangeum Project;
5. Where a research facility is newly established or extended to engage in research and development activities for the business provided for in Article 121 - 2 (1) 1 of the Act (hereafter in this subparagraph, referred to as "business"), and:
 - (a) The amount of the foreign investment shall be at least one million U.S. dollars;
 - (b) The number of regular researchers with at least a master ' s degree in the field relating to the business, who have at least three years ' research experience, shall be at least ten;
6. Where a foreign investment of at least ten million U.S. dollars is made to establish a new facility to engage in any of the following business activities:

- (a) Engineering services;
- (b) Telecommunications services;
- (c) Computer programming, system integration, and management services;
- (d) Information service activities;
- (e) Other scientific and technical services;
- (f) Motor picture, video, and broadcasting programmes production; motion picture, video, and broadcasting programmes production - related services; sound - recording studios; and publishing of music and other audio;
- (g) Game software development and supply;
- (h) Operation of public performance facilities; operation of public performance companies; and other creative and arts - related services.

(6) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 - 3 or 2 - 9 of the Act, means any foreign investment meeting either of the following criteria made in a project that conducts planning, financing, designing, construction, marketing, lease, sale in units, etc. in a package, to develop the free economic zone in accordance with the free economic zone development plan established under Article 6 of the Special Act on Designation and Management of Free Economic Zones, or to develop the Saemangeum project area in accordance with the master plan established under Article 6 of the Special Act on Promotion and Support for Saemangeum Project: <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21656, Jul. 30, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015 >

1. The amount of the foreign investment shall be at least thirty million U.S. dollars;
2. The foreign investment ratio shall be at least 50/100, and the total cost for the development of the free economic zone or Saemangeum project area shall be at least 500 million U.S. dollars.

(7) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 - 4 of the Act, means any foreign investment meeting either of the following requirements made in a project that conducts planning, financing, designing,

construction, marketing, lease, sale in units, etc. in a package, to develop 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: <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19563, Jun. 29, 2006; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26922, Jan. 22, 2016 >

1. The amount of the foreign investment shall be at least ten million U.S. dollars;
2. The foreign investment ratio shall be at least 50/100, and the total cost for the development of the Jeju investment promotion zone shall be at least 100 million U.S. dollars.

(8) The income accrued to the implementer of the free economic zone development project or the Saemangeum project area development project referred to in paragraph (6), the implementer of the Jeju investment promotion zone development project referred to in paragraph (7), or the implementer of the enterprise city development project referred to in paragraph (18) from engaging in any of the business activities eligible for tax reductions or exemptions under Article 121 - 2 (2) of the Act, shall be calculated by multiplying the amount referred to in subparagraph 1, by the ratio of the amount referred to in subparagraph 2 to the amount referred to in subparagraph 3: <Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25211, Feb. 21, 2014 >

1. Gross incomes accrued by implementing the free economic zone development project, the Saemangeum project area development project, the Jeju investment promotion zone development project, or the enterprise city development zone development project during the relevant taxable year;
2. Aggregate of the revenue amount received by transferring the facilities within the free economic zone, the Saemangeum project area, the Jeju investment promotion zone, or the enterprise city development zone (referring to the new facilities established by the development project, and including land appurtenant to the new facilities stipulated by Ordinance of the Ministry of Strategy and Finance, which is traded concurrently with such facilities; hereafter in this subparagraph, the same shall apply) to foreigners (including foreign - capital invested companies), and of

the rent revenue received by leasing them during the relevant taxable year;

3. Aggregate of the revenue amount received by transferring the facilities in the free economic zone, the Saemangeum project area, the Jeju investment promotion zone, or the enterprise city development zone, and of the rent revenue received by leasing them during the relevant taxable year.

(9) "Business prescribed by Presidential Decree" in Article 121 - 2 (1) 3 of the Act, means: <Newly Inserted by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18437, Jun. 22, 2004; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20105, Jun. 26, 2007; Presidential Decree No. 23590, Feb. 2, 2012>

1. A business (limited to manufacturing activities) engaged in by a company located in a free trade zone as prescribed in Article 10 (1) 2 of the Act on Designation and Management of Free Trade Zones;

2. A business engaged in by a company located in a free trade zone as prescribed in Article 10 (1) 5 of the Act on Designation and Management of Free Trade Zones.

(10) A foreign investment eligible for the reduction of, or exemption from corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 3 of the Act, means any foreign investment made to establish a new factory facility meeting either of the following criteria: <Newly Inserted by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18437, Jun. 22, 2004; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 22583, Dec. 30, 2010>

1. The business provided for in paragraph (9) 1: The amount of the foreign investment shall be at least ten million U.S. dollars;

2. The business provided for in paragraph (9) 2: The amount of the foreign investment shall be at least five million U.S. dollars.

(11) For the purposes of Article 121 - 2 (11) of the Act, the equivalent to the holding ratio of stocks, etc., or the equivalent to a loan shall be calculated as follows: <Amended by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26959, Feb. 5, 2016>

1. In cases falling under Article 121 - 2 (11) 1 of the Act, the amount calculated by multiplying the amount of foreign investments made by a foreign corporation, etc., by the ratio of the foreign corporation's stocks directly or indirectly held by Korean nationals, etc. (the ratio shall be deemed 5/100, if it is less than 5/100). In such

cases, the direct or indirect holding ratio of stocks, etc. shall be calculated as at the date the liability to pay the relevant tax, which is eligible for tax reduction or exemption, arises as prescribed in Articles 121 - 2 through 121 - 4 of the Act;

2. In cases falling under Article 121 - 2 (11) 2 of the Act, the equivalent to the amount of a loan provided to a foreign investor by any of the persons specified under Article 121 - 2 (11) 2 of the Act.

(12) For the purposes of paragraph (11) 1, the indirect holding ratio of stocks, etc. shall be calculated as follows: <Newly Inserted by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 24368, Feb. 15, 2013>

1. Where a Korean national, etc. owns at least 50/100 of the voting stocks of a corporation that is a stockholder or an investor of a foreign corporation, etc. (hereafter in this Article, referred to as "stockholding corporation"), the ratio of the voting stocks of the foreign corporation, etc., which are owned by the stockholding corporation, to the total number of the voting stocks issued by such foreign corporation, etc. (hereafter in this Article, referred to as "stockholding ratio of the stockholding corporation"), shall be deemed the indirect holding ratio of the Korean national, etc. against the relevant foreign corporation, etc.;

2. Where a Korean national, etc. owns less than 50/100 of the voting stocks of the stockholding corporation of the foreign corporation, etc., the ratio calculated by multiplying said holding ratio by the stockholding ratio of the stockholding corporation, shall be deemed the indirect holding ratio of the Korean national, etc. against the relevant foreign corporation, etc.;

3. For the purposes of subparagraphs 1 and 2, where stockholding corporations are at least two, the ratio aggregating the ratios calculated by each stockholding corporation under subparagraphs 1 and 2, shall be deemed the indirect holding ratio of the Korean national, etc. against the relevant foreign corporation;

4. The methods for calculation provided for in subparagraphs 1 through 3 shall apply mutatis mutandis to where at least one corporation is intervened between the stockholding corporations of the foreign corporation, etc. and a Korean national, etc., and where these corporations are linked through the stock holding relationship.

(13) "Countries or regions prescribed by Presidential Decree" in Article 121 - 2 (11) 3 of the Act, means countries or regions listed in attached Table 13. <Amended by

[Presidential Decree No. 25211, Feb. 21, 2014](#)>

(14) "Foreign investment ratio calculated as prescribed by Presidential Decree" in the latter part of Article 121 - 2 (2) of the Act, means the foreign investment ratio calculated under Article 5 (3) of the Foreign Investment Promotion Act: Provided, That, where a foreign investor commenced a foreign investment by December 31, 2002 in a domestic corporation newly established by an investment made in accordance with the approved corporate restructuring plan of the creditor financial institution of a domestic corporation (hereafter in this paragraph, referred to as "newly - established corporation"), and completed the payment of an object of the investment by said date, and if the preferred stocks are issued following a debt - for - equity swap of the newly - established corporation (limited to the debt - for - equity swap made by December 31, 2002), the higher of the following ratios shall be the foreign investment ratio in that newly - established corporation:<[Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 27848, Feb. 7, 2017](#)>

1. The foreign investment ratio calculated under Article 5 (3) of the Foreign Investment Promotion Act, including the preferred stocks;
2. The foreign investment ratio calculated under Article 5 (3) of the Foreign Investment Promotion Act, excluding the preferred stocks.

(15) "Foreign investments made by a method prescribed by Presidential Decree, such as acquisition of business" in the main sentence of Article 121 - 2 (12) of the Act, means general or partial succession to the rights and obligations related to the relevant business; and "method prescribed by Presidential Decree" in Article 121 - 2 (12) 2 of the Act, means the method provided for in paragraph (13).<[Newly Inserted by Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013](#)>

(16) A foreign investment eligible for the reduction of, or exemption from, corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 - 5 of the Act, means any of the following foreign investments made to establish a new facility in any foreign investment zone designated under Article 18 (1) 1 of the Foreign Investment Promotion Act:<[Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22583, Dec. 30, 2010](#)>

1. Where a foreign investment of at least ten million U.S. dollars is made to establish a new factory facility to engage in manufacturing activities;
2. Where a foreign investment of at least five million U.S. dollars is made to establish a new facility to engage in any of the business activities specified in paragraph (3) 3 (a) through (c).

(17) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 - 6 of the Act, means an investment of at least ten million U.S. dollars (referring to at least two million U.S. dollars in cases falling under subparagraph 2; and at least five million U.S. dollars five million in cases falling under subparagraph 3) made to establish a new facility to engage in any of the following business activities within an enterprise city development zone defined in subparagraph 2 of Article 2 of the Special Act on the Development of Enterprise Cities (hereafter in this Article, referred to as "enterprise city development zone"); and the income accrued from engaging in any of the business activities eligible for tax reductions and exemptions under Article 121 - 2 (2) of the Act, shall be limited to the income directly accrued from the new facility established in the enterprise city development zone: <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012 >

1. Manufacturing activities;
2. Research and development activities;
3. Any of the business activities specified in paragraph (3) 3 (a) through (c);
4. Any of the business activities specified under paragraph (5) 6;
5. Any of the business activities specified in Article 116 - 15 (1) 1 and 3 through 6;
6. through 10. Deleted. <by Presidential Decree No. 23590, Feb. 2, 2012 >

(18) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 - 7 of the Act, means any of the following foreign investments made in a project to develop an enterprise city development zone in accordance with the relevant enterprise city development plan approved under Article 11 of the Special Act on the Development of Enterprise Cities and: <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22583, Dec. 30, 2010 >

1. The amount of the foreign investment shall be at least thirty million U.S. Dollars;
2. The foreign investment ratio shall be at least 50/100, and the total cost for the development of the enterprise city development zone shall be at least 500 million U.S. dollars.

(19) A foreign investment eligible for the reduction of, or exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 (a) or (b) of the Act, means any foreign investment made to establish a new facility within a free economic zone defined in subparagraph 1 of Article 2 of the Special Act on Designation and Management of Free Economic Zones, or the Saemangeum project area, which shall meet any of the requirements provided for in paragraph (3) 1, 2, 3 (a) through (d), and 4. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 21656, Jul. 30, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(20) A foreign investment eligible for the reduction of, or the exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 (c) of the Act, means any foreign investment made to establish a new facility within the Jeju high - tech science and technology complex designated under Article 161 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City, which meets any of the requirements provided for in paragraph (3) 1, 2, 3 (a) through (d), and 4, and which falls under any subparagraph of Article 116 - 14 (1). <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26922, Jan. 22, 2016>

(21) A foreign investment eligible for the reduction of, or the exemption from, the corporate tax, income tax, acquisition tax, and property tax pursuant to Article 121 - 2 (1) 2 (d) of the Act, means any foreign investment made to establish a new facility within 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, which meets any of the requirements provided for in paragraph (3) 1, 2, 3 (a) through (d) and 4, and which falls under any subparagraph of Article 116 - 15 (1). <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 25211, Feb. 21,

[2014; Presidential Decree No. 26922, Jan. 22, 2016](#)>

(22) "Cumulative foreign investments prescribed by Presidential Decree" in Article 121 - 2 (14) 1 (a) of the Act, means foreign investments defined in Article 2 (1) 4 of the Foreign Investment Promotion Act (excluding any foreign investment referred to in Article 121 - 2 (9) and (11) of the Act and Article 2 (1) 4 (b) of the Foreign Investment Promotion Act), which is the capital (referring to the amount calculated by aggregating the paid - in capital in excess of par value and gains on capital reduction and subtracting the discount on capital stocks and losses from capital reduction according to the Korea Financial Accounting Standards: hereinafter referred to as "cumulative foreign investments") paid in the relevant foreign - capital invested company by the end of the relevant taxable year during the period of reduction or exemption under Article 121 - 2 (2) and (12) 1 of the Act after a decision on reduction or exemption under Article 121 - 2 (8) of the Act is made. <[Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012](#)>

(23) The amount of the income tax or corporate tax to be paid under Article 121 - 2 (16) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for two consecutive years after the end of the taxable year in which tax reduction or exemption is granted, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased: <[Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010](#)>

The aggregate of amounts of tax reduced or exempted under Article 121 - 2 (14) 2 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - (the number of full - time employees of the relevant foreign - capital - invested company in the taxable year in which the number of full - time employees has decreased × ten million won)

(24) Article 23 (5), (7), (8), and (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees under Article 121 - 2 (17) of the Act. <[Newly Inserted by Presidential](#)

[Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015](#)>

(25) "Income prescribed by Presidential Decree" in the former part of Article 121 - 2 (2) of the Act, means the income that accrues from the business provided for in Article 121 - 2 (1) 1 of the Act (hereafter in this paragraph, referred to as "income eligible for tax reduction or exemption"): Provided, That, if the income eligible for tax reduction or exemption during the period of reduction or exemption under Article 121 - 2 (2) and (12) 1 of the Act is at least 80/100 of the aggregate of the income eligible for tax reduction or exemption and the income that has accrued by engaging in a business directly related to the business eligible for tax reduction or exemption, the aggregate of the income eligible for tax reduction or exemption for the relevant taxable year and the income that has accrued by engaging in a business directly related to the business eligible for tax reduction or exemption, shall be deemed income eligible for tax reduction or exemption. <[Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017](#)>

[[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999](#)]

Article 116 - 3 (Decision on Reduction or Exemption of Corporate Tax, etc.)(1) The Minister of Strategy and Finance shall, upon receipt of an application for tax reduction or exemption or an application for the revision to the tax reduction or exemption under Article 121 - 2 (6) of the Act, examine whether the relevant application meets the standards for tax reduction and exemption under Article 116 - 2, make a decision on whether to grant the reduction or exemption or whether to make any revision to the reduction or exemption within 20 days, and notify the applicant thereof. <[Amended by Presidential Decree No. 20720, Feb. 29, 2008](#)>

(2) Notwithstanding paragraph (1), the Minister of Strategy and Finance shall, when he/she intends to determine a business under Article 121 - 2 (1) 1 of the Act as the one ineligible for reduction or exemption upon receiving an application under Article 121 - 2 (6) of the Act, give a preliminary notice of such determination within 20 days from the application date, as prescribed by Ordinance of the Ministry of Strategy and Finance. <[Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008](#)>

(3) A person who receives the preliminary notice of determination under paragraph (2) may file a request with the Minister of Strategy and Finance, in writing, for review on the properness of the determination so notified within 20 days from the date on which the notice is delivered, with supporting materials attached thereto. <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

(4) The Minister of Strategy and Finance shall make a decision on whether to grant the reduction or exemption or whether to make any revision to the reduction or exemption within 20 days from the date on which the request under paragraph (3) is delivered, and shall notify the applicant of the result thereof. <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

(5) The Minister of Strategy and Finance may, where deemed inevitably requiring a long period for making a decision on whether to grant the reduction or exemption or whether to make any revision to the reduction or exemption under paragraph (1), (2) or (4), extend the said review period within 20 days. In such cases, he/she shall notify the applicant of the relevant causes and review period. <Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

(6) The Minister of Strategy and Finance shall, where he/she has made a decision on whether to grant the reduction or exemption or whether to make any revision to the reduction or exemption under paragraph (1) or (4), notify the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service and the head of local government having jurisdiction over the relevant factory facilities, of the fact thereof. <Amended by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

(7) Paragraphs (1) through (6) shall apply mutatis mutandis to a request for prior confirmation on whether it is eligible for the tax reduction or exemption under Article 121 - 2 (7) of the Act. <Amended by Presidential Decree No. 19888, Feb. 28, 2007 >

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 4 (Reporting, etc. on Commencement of Business)(1) A foreign - capital - invested company determined to be eligible for tax reductions or exemptions under Article 121 - 2 (8) of the Act prior to the commencement date of its business (referring to the commencement date of business under Article 8 (1) of the Value -

Added Tax Act; hereafter in this Chapter, the same shall apply), shall report on the commencement of business to the head of a tax office having jurisdiction over the place of its business within 20 days from the commencement date of business.

<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24638, Jun. 28, 2013>

(2) The head of a tax office in receipt of a report under paragraph (1) shall verify whether the relevant foreign - capital - invested company commences its business on such date.

(3) The date a foreign - capital - invested company determined to be eligible for tax reductions or exemptions prior to the commencement date of its business but has failed to report under paragraph (1), commences its business, or the date a foreign - capital - invested company, which is determined to be eligible for tax reductions or exemptions after the commencement date of its business, commences its business, shall be investigated and verified by the head of the tax office having jurisdiction over the place of its business.

(4) Upon having verified the commencement date of the business of a foreign - capital - invested company under paragraphs (2) and (3), the head of a tax office shall, without delay, give notice thereof to a foreign - capital - invested enterprise and the head of the local government having jurisdiction over the place of such business.

(5) When a foreign - capital - invested company determined to be eligible for tax reductions or exemptions under Article 121 - 2 (1) 1 of the Act, files its tax return for the taxable year during which it obtains a tax reduction or exemption, it shall submit a statement on investment in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of a tax office having jurisdiction over the place of the relevant business. <Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 5 (Exemption from Customs Duties, etc.)(1) Capital goods the customs duty, individual consumption tax and value - added tax of which shall be reduced as prescribed in Article 121 - 3 (1) of the Act shall be those used directly for the business of which corporate tax or income tax is reduced as prescribed in Article 121 - 2 of the Act, and for which an import declaration under the Customs Act is

completed within five years (six years where an import declaration cannot be completed within such period due to delay in approval for the establishment of factory and other unavoidable reasons, and approval is obtained from the Minister of Strategy and Finance after applying for extension before such period expires) from the date on which a report under Article 5 of the Foreign Investment Promotion Act is made. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20516, Dec. 31, 2007; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(2) "Capital goods prescribed by Presidential Decree" in Article 121 - 3 (2) of the Act means, from among the capital goods falling under any subparagraph of Article 121 - 3 (1) of the Act, what are directly used for the projects for which the corporate tax or income tax is reduced or exempted under Article 121 - 2 of the Act, and whose import declaration under the Customs Act has been completed within five years (six years where an import declaration cannot be completed within such period due to delay in approval for the establishment of factory and other unavoidable causes, and approval is obtained from the Minister of Strategy and Finance after applying for extension before such period expires) from the date on which the report under Article 5 of the Foreign Investment Promotion Act has been made.<Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(3) The capital goods eligible for exemption from customs duty, individual consumption tax and value - added tax as prescribed in Article 121 - 3 (1) 1 of the Act shall be the capital goods imported by a foreign - invested enterprise within the extent of the means of foreign payment or domestic payment that has been invested by a foreign investor.<Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009>

(4) The ceiling of exemption from customs duty, individual consumption tax and value - added tax prescribed in Article 121 - 3 (1) 1 of the Act shall be calculated on the basis of the currency selected by the foreign - invested enterprise (hereafter referred to as "standard currency" in this Article) when it imports capital goods eligible for exemption for the first time after they are determined whether they are eligible for the reduction or exemption under Article 121 - 2 (8) of the Act. In such cases, where the foreign - invested enterprise imports capital goods with a currency other than the standard currency, the amount of capital goods for exemption from

customs duty, individual consumption tax and value - added tax shall be the amount converted into standard currency in accordance with the calculated exchange rate between the standard currency and the currency with which the price of capital goods has been paid by utilizing the exchange rate determined by the Commissioner of the Korea Customs Service as prescribed in Article 18 of the Customs Act when the capital goods eligible for exemption are imported. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009 >

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 6 (Tax Reduction or Exemption for Capital Increase)(1) In determining whether to grant a tax reduction or exemption for a capital increase under Article 121 - 4 (1) of the Act, if the relevant foreign - capital - invested company files an application for tax reduction or exemption by increasing its capital within five years after making the paid - in capital reduction (referring to substantial reduction of its assets due to the paid - in retirement of stocks or equity shares, or the refund, etc. of decreased capital amount), the Minister of Strategy and Finance shall determine a tax reduction or exemption only for the foreign investment ratio against the portion of net increase than before its capital reduction. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(2) "Criteria prescribed by Presidential Decree" in the proviso to Article 121 - 4 (1) of the Act, means increasing an investment in a business for which tax reduction is granted as prescribed in Article 121 - 2 of the Act. <Amended by Presidential Decree No. 22037, Feb. 18, 2010 >

(3) Where a foreign - capital - invested company regarding which a decision has been made to grant a tax reduction and exemption for the portion of its capital increase under Article 121 - 4 (1) of the Act, makes a paid - in capital decrease within seven years after it has made such capital increase, the foreign - capital - invested company shall be deemed to have decreased its capital in a reverse order, starting with the portion of its capital increase made immediately prior to the relevant paid - in capital decrease (excluding any capital increase made in the form of issuing shares through the capitalization of the reserve and revaluation reserves as prescribed in Article 5 (2) 2 of the Foreign Investment Promotion Act, and other reserves under other Acts and subordinate statutes) for the purposes of calculating the amount of tax to be

reduced or exempted. <Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 27848, Feb. 7, 2017>

(4) "Circumstances prescribed by Presidential Decree" in Article 121 - 4 (4) of the Act, means circumstances that meet each of the following conditions: <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. Where a foreign - capital - invested company obtained a tax reduction or exemption for any business specified under Article 121 - 2 (1) of the Act prior to capital increase (hereafter in this Article, referred to as "business eligible for tax reduction or exemption prior to capital increase") and the period of tax reduction or exemption has ended, and a decision shall have been made to grant the foreign - capital - invested company a tax reduction or exemption for any business specified under Article 121 - 2 (1) of the Act through capital increase under Article 121 - 4 (1) of the Act (hereafter in this Article, referred to as "business eligible for tax reduction or exemption for capital increase");

2. Where fixed assets for the business eligible for tax reduction or exemption prior to capital increase for which the period of tax reduction or exemption has ended under Article 121 - 2 of the Act, are continuously used for the business eligible for tax reduction or exemption for capital increase, and the ratio of the value of the fixed assets for the business eligible for tax reduction or exemption prior to capital increase for which the period of tax reduction or exemption has ended, which are continuously used for the business eligible for tax reduction or exemption for capital increase, in the total value of the fixed assets for the business eligible for tax reduction or exemption for capital increase, shall be at least 30/100 as at the date the registration for change of capital increase is made.

(5) For the purpose of applying a tax reduction or exemption to capital increase under Article 121 - 4 (1) of the Act, the account of the business eligible for tax reduction or exemption for the relevant capital increase shall be kept separately from the account of other businesses pursuant to Article 143 of the Act, and the foreign investment ratio referred to in Article 116 - 12 (14) shall be calculated based on the business eligible for tax reduction or exemption for the relevant capital increase. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 25211, Feb. 21, 2014>

(6) For the purpose of applying a tax reduction or exemption to capital increase pursuant to Article 121 - 4 (1) of the Act, cumulative foreign investments referred to in Article 116 - 2 (22) shall be calculated separately for the initial business eligible for tax reduction or exemption, and for the business eligible for tax reduction or exemption for the relevant capital increase: Provided, That this shall not apply to the cumulative foreign investments subject to zero reduction and exemption rate upon the expiration of the period of reduction or exemption although a decision on reduction or exemption is made: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014> 1. and 2. Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014>

(7) For the purpose of applying a tax reduction or exemption to capital increase pursuant to Article 121 - 4 (1) of the Act, the number of full - time employees referred to in Article 116 - 2 (24) shall be calculated by classifying into the number of full - time employees at the place of the initial business eligible for tax reduction or exemption and that of the place of business eligible for tax reduction or exemption for the relevant capital increase: Provided, That this shall not apply to the number of full - time employees at the place of business subject to zero reduction and exemption rate upon the expiration of the period of reduction or exemption although a decision on reduction or exemption is made: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014>

1. and 2. Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 7 (Additional Collection of Corporate Tax, etc.)(1) "Amount of tax calculated as prescribed by Presidential Decree" in Article 121 - 5 (1) of the Act, means the following amount of tax: <Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

1. In cases falling under Article 121 - 5 (1) 1 and 5 of the Act: The amount of tax reduced or exempted within five years retrospectively from the date of revocation or closure;

2. In cases falling under Article 121 - 5 (1) 2 of the Act: The amount of tax reduced or exempted within five years retrospectively from the date it falls short of the standards for tax reduction and exemption (referring to the requirements for a business eligible for tax reduction or exemption, minimum requirements for foreign investments, requirements for the number of employees at ordinary times, etc. provided for in Article 116 - 2 (1), (3), (5) through (7), (9), (10), and (16) through (21));
 3. In cases falling under Article 121 - 5 (1) 3 of the Act: The amount of tax reduced or exempted within five years retrospectively from expiration of a period set for corrective orders;
 4. In cases falling under Article 121 - 5 (1) 4 of the Act: The amount of tax calculated by multiplying the amount of tax reduced or exempted for five years retrospectively from the date stocks, etc. are transferred by the percentage of transferred stocks, etc. in the stocks, etc. owned by the foreign investor as at the time of tax reduction or exemption (limited to where the stocks, etc. are transferred during the period for reduction or exemption under Article 121 - 2 (2) or (12) of the Act);
 5. In cases falling under Article 121 - 5 (1) 6 of the Act: The amount of tax reduced or exempted within five years (or three years in cases it falls short of the standards for tax reduction and exemption concerning employment) retrospectively from the fifth anniversary after foreign investment was reported.
- (2) Deleted. <by [Presidential Decree No. 24368, Feb. 15, 2013](#)>
- (3) "Additional amount equivalent to interest calculated as prescribed by Presidential Decree" in Article 121 - 5 (1) of the Act, means the amount calculated by multiplying the period referred to in subparagraph 1 and the rate referred to in subparagraph 2, by the amount of tax reduced or exempted under paragraph (1): <[Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010](#)>
1. The period from the day following the date the tax return of the taxable year during which the tax is reduced or exempted, is filed, until the date the tax return of the taxable year in which the grounds provided for in Article 121 - 5 of the Act arise;
 2. 3/10,000 per day.

(4) The amount of tax specified under paragraph (1) means that reduced or exempted from the income generated in the taxable year falling on the fifth anniversary retrospectively from the relevant basic date and in the taxable years thereafter. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

(5) Where any grounds specified under Article 121 - 5 (1) of the Act, arise simultaneously, the grounds due to which the amount of tax is the greater of that specified under paragraph (1), shall be applied, and where they occur in succession, they shall be applied sequentially in the order of occurrence from the one which has first occurred up to the limit of the amount of tax reduced or exempted. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 8 (Additional Collection of Customs Duties, etc.)(1) The additional collection of customs duties, individual consumption tax, and value - added tax under Article 121 - 5 (2) of the Act shall be made according to the following applicable standards: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20516, Dec. 31, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

1. In cases under Article 121 - 5 (2) 1 or 4 of the Act: The amount of tax reduced or exempted within three years (five years for the individual consumption tax and value - added tax) retroactively from the date of revocation or closure shall be additionally collected;
2. In cases under Article 121 - 5 (2) 2 of the Act: The amount of tax reduced or exempted for capital goods used for any purposes other than the declared one or disposed of, which have been reported within three years (five years for the individual consumption tax and value - added tax) from the date of accepting an import declaration under the Customs Act shall be additionally collected;
3. The amount of tax reduced or exempted or capital goods where a foreign investor transfers the stocks, etc. owned under the Act within three years from the date of reduction or exemption of the customs duties, etc. shall be additionally collected on the capital goods exceeding the limit of the investment amount remaining after the transfer, etc. of the stocks, etc. (the order of additional collection shall begin with

the tax amount reduced or exempted on the day closest to the date of the transfer of the stocks);

4. In cases under Article 121 - 5 (2) 5 of the Act: The amount of tax reduced or exempted within five years (three years where it falls short of the standards for tax reduction and exemption concerning employment) retroactively from the date on which five years elapse after foreign investment was reported, shall be additionally collected.

(2) Article 100 (2) of the Customs Act shall apply mutatis mutandis to the calculation of customs duties to be collected additionally under paragraph (1).

<Amended by Presidential Decree No. 24368, Feb. 15, 2013>

(3) Deleted.<by Presidential Decree No. 24368, Feb. 15, 2013>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 9 (Additional Collection of Acquisition Tax, etc.)(1) The additional collection of the acquisition tax and property tax under Article 121 - 5 (3) of the Act shall be made according to the following applicable standards: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010>

1. In cases under Article 121 - 5 (3) 1 and 2 of the Act: The tax amount computed by multiplying the tax amount of the acquisition tax and property tax which have been reduced or exempted within five years retroactively from the date on which the ratio of stocks, etc. falls short or they are transferred, by the relevant insufficient ratio or transfer ratio, shall be additionally collected, respectively;

2. In cases under Article 121 - 5 (3) 3 and 4 of the Act: The acquisition tax and property tax which have been reduced or exempted by applying mutatis mutandis Article 116 - 7 (1) 1, shall be additionally collected, respectively;

3. In cases under Article 121 - 5 (2) 5 of the Act: The acquisition tax and property tax which have been reduced or exempted within five years (three years in cases it falls short of the standards for reduction of and exemption from tax concerning employment) retroactively from the date on which five years elapse after foreign investment was reported shall be additionally collected, respectively.

(2) Article 116 - 7 (5) shall apply mutatis mutandis to where any grounds referred to in subparagraphs of Article 121 - 5 (3) of the Act occur simultaneously or in sequence. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 10 (Exemption from Additional Tax Collection)(1) In any case provided for in Article 121 - 5 (5) 1 or 3 through 5 of the Act, no tax prescribed in Article 121 - 5 (1) through (3) of the Act shall be additionally collected pursuant to Article 121 - 5 (5) of the Act; and no tax prescribed in Article 121 - 5 (2) of the Act shall be additionally collected in any case provided for in Article 121 - 5 (5) 2 of the Act. <Amended by Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(2) "Which is prescribed by Presidential Decree" in Article 121 - 5 (5) 5 of the Act, means any of the following cases: <Amended by Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27127, May 10, 2016; Presidential Decree No. 27848, Feb. 7, 2017>

1. Where a foreign investor who has invested in a business that requires a technology for the new growth engine industry referred to in Article 121 - 2 (1) 1 of the Act, transfers his/her business eligible for tax reduction or exemption or retained stocks, etc. to a Korean national or Korean corporation, and the Minister of Strategy and Finance confirms that such transfer does not hinder the relevant enterprise from manufacturing products or providing services by engaging in the business that requires the technology for the new growth engine industry independently in the Republic of Korea;
2. Where a foreign investor transfers retained stocks, etc. to a Korean national or Korean corporation pursuant to other statutes or government policies and such transfer is confirmed by the Minister of Strategy and Finance;
3. Where a ground for additionally collecting taxes arises as prescribed in Article 121 - 5 (1) through (3) of the Act after the implementer of a free economic zone development project completes the development project;

4. Where a ground for additionally collecting taxes arises as prescribed in Article 121 - 5 (1) through (3) of the Act after the implementer of a Jeju investment promotion zone development project completes the development project;
5. Where a ground for additionally collecting taxes arises as prescribed in Article 121 - 5 (1) through (3) of the Act after the implementer of an enterprise city development project completes the development project;
6. Where a ground for additionally collecting taxes arises as prescribed in Article 121 - 5 (1) through (3) of the Act after the implementer of a development project of the Saemangeum project area completes the development project of the Saemangeum project area;
7. Where a foreign investor transfers retained stocks, etc. to a Korean national or Korean corporation, and the Korean national or Korean corporation subsequently re - transfers the stocks, etc. to another foreign investor within seven days, and the Minister of Strategy and Finance confirms that such transfer causes no hindrance in continuing the original business.

(3) A person who intends to obtain confirmation under paragraph (2) 1, 2, and 7, shall file an application for confirming whether the person is eligible for exemption from additional tax collection, along with documents evidencing the grounds for exemption from additional tax collection, with the Minister of Strategy and Finance, within two months from the date of transfer of the business eligible for tax reduction or exemption, stocks, or equity shares. <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25590, Sep. 11, 2014; Presidential Decree No. 27127, May 10, 2016 >

(4) Upon receipt of an application for confirming whether an applicant is eligible for exemption from additional tax collection under paragraph (3), the Minister of Strategy and Finance shall examine whether the applicant is eligible for exemption from additional tax collection, in consultation with the competent Minister, and shall notify the applicant of the decision within 30 days from the filing date of the application: Provided, That the Minister of Strategy and Finance may extend the processing period by up to 30 days in extenuating circumstances, and shall notify the applicant of the reasons for the extension and the extended processing period in such cases. <Amended by Presidential Decree No. 25590, Sep. 11, 2014 >

(5) Upon confirming whether a person is eligible for exemption from additional tax collection under paragraph (4), the Minister of Strategy and Finance shall notify the Commissioner of the Korea National Tax Service, the Commissioner of the Korea Customs Service, and the head of the local government having jurisdiction over the place of business of the relevant foreign investment enterprise thereof. <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 25590, Sep. 11, 2014 >

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 11 (Notification, etc. of Causes for Additional Collection of Taxes)(1)

Where the Minister of Strategy and Finance, the Minister of Trade, Industry and Energy, the head of a tax office, the head of a customs office, the head of a local government, the president & CEO of the Korea Trade - Investment Promotion Agency, or the head of a foreign exchange bank entrusted with the authority of the Minister of Trade, Industry and Energy pursuant to Article 40 (2) of the Enforcement Decree of the Foreign Investment Promotion Act becomes aware of the fact that any cause for additionally collecting taxes under Article 121 - 5 (1) through (3) of the Act has occurred, he/she shall notify the relevant authority for the additional collection thereof without delay. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013 >

(2) Where the Minister of Strategy and Finance, the Minister of Trade, Industry and Energy, the head of a tax office, the head of a customs office, the head of a local government, the president & CEO of the Korea Trade - Investment Promotion Agency, or the head of a foreign exchange bank entrusted with the authority of the Minister of Trade, Industry and Energy pursuant to Article 40 (2) of the Enforcement Decree of the Foreign Investment Promotion Act has notified the occurrence of a cause for additional collection under paragraph (1) or has additionally collected taxes under Article 121 - 5 (1) through (3) of the Act, he/she shall notify or report the relevant fact to the Minister of Strategy and Finance without delay. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013 >

(3) The date of business closure of a foreign - capital invested company under Article 121 - 5 (1) 5, (2) 4 and (3) 4 of the Act shall be the earlier date between the date of business closure or the date of cancellation of a registration under Article 8 (6) or (7) of the Value - Added Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013>

(4) Upon having verified the date of business closure of a foreign - capital invested company, the head of a tax office shall report it to the Minister of Strategy and Finance and the Minister of Trade, Industry and Energy and shall, without delay, notify it to the head of an agency entrusted with the post management of the foreign - capital invested company pursuant to Article 40 (2) of the Enforcement Decree of the Foreign Investment Promotion Act, and the head of the customs office and the head of the local government having jurisdiction over the business place of such foreign - capital invested company. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013>

(5) For the purpose of Article 121 - 5 (6) of the Act, no tax reduction or exemption under Articles 121 - 2 through 121 - 4 of the Act shall apply to the relevant taxable year including the period from the commencement date of the relevant taxable year to the date on which the relevant cause has occurred and the remaining period for reduction or exemption, and the same shall also apply where the standards for tax reduction and exemption provided for in Article 121 - 2 (1) of the Act are met or the corrective order issued under Article 28 (5) of the Foreign Investment Promotion Act is fulfilled during the remaining period for reduction or exemption from the date on which the relevant cause has occurred. <Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

Article 116 - 12 Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010>

Article 116 - 13 (Entrustment of Authority)(1) The Minister of Strategy and Finance may entrust his/her authority to receive applications for tax reduction or exemption, applications for modification of tax reduction or exemption, or requests for prior verification under Articles 121 - 2 and 121 - 4 of the Act and authority to take the

procedures for making decisions on reduction or exemption, modification of reduction or exemption, or whether a person is eligible for reduction or exemption, to the president & CEO of the Korea Trade - Investment Promotion Agency and the heads of foreign exchange banks pursuant to Article 40 (2) of the Enforcement Decree of the Foreign Investment Promotion Act. In such cases, the Minister of Strategy and Finance shall designate and publicly notify institutions entrusted with such authority.

<Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26959, Feb. 5, 2016 >

(2) With respect to the foreign investment in free trade zones, the Minister of Strategy and Finance shall entrust his/her authority to receive applications for tax reductions or exemptions, applications for modification of tax reductions or exemptions, or requests for prior verification, and to determine tax reductions or exemptions, to modify tax reductions or exemptions, or to determine whether an applicant is eligible for tax reductions or exemptions, and to notify thereof under Articles 121 - 2 and 121 - 4 of the Act to the authorized administrator.<Newly Inserted by Presidential Decree No. 16669, Dec. 31, 1999; Presidential Decree No. 17034, Dec. 29, 2000; Presidential Decree No. 18437, Jun. 22, 2004; Presidential Decree No. 20720, Feb. 29, 2008 >

(3) The competent Ministers, authorized administrators, etc. entrusted with authority as prescribed in paragraphs (1) and (2) shall notify the Minister of Strategy and Finance of the details of the performed entrusted affairs; and where the president & CEO of the Korea Trade - Investment Promotion Agency or a foreign exchange bank receives an application for tax reductions or exemptions, an application for modification to tax reductions or exemptions, or a request for prior verification under paragraph (1), he/she shall, without delay, forward it to the Minister of Strategy and Finance.<Amended by Presidential Decree No. 16669, Dec. 31, 1999; Presidential Decree No. 18437, Jun. 22, 2004; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

(4) The Minister of Strategy and Finance may set further details necessary for performing the entrusted affairs under paragraphs (1) and (2).<Amended by Presidential Decree No. 16669, Dec. 31, 1999; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

[This Article Newly Inserted by Presidential Decree No. 16366, May 24, 1999]

CHAPTER V - 2 SPECIAL TAXATION TO PROMOTE JEJU FREE INTERNATIONAL CITY

Article 116 - 14 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that Occupy Jeju Science Park)(1) "Businesses prescribed by Presidential Decree, such as biotech industry or information and communications industry" in Article 121 - 8

(1) of the Act, means the businesses in any of the following industries: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21692, Aug. 18, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 27245, Jun. 21, 2016 >

1. Industries related to biotechnology defined in Article 2 of the Biotechnology Support Act (including growing crop seeds and nursery products; and hatching and seeding aquatic animals and seaweeds);
2. The information and communications industry defined in subparagraph 2 of Article 2 of the Information and Communications Technology Industry Promotion Act;
3. Industries that provide information and communications services defined in Article 2 (1) 2 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc.;
4. Industries related to advanced technology and products publicly notified by the Minister of Trade, Industry and Energy pursuant to Article 5 (1) of the Industrial Development Act.

(2) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 8 (2) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Strategy and Finance by the relevant taxable years in which a reduction or exemption of corporate tax or income tax is granted under Article 121 - 8 (1) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010 >

(3) The amount of the income tax or corporate tax to be paid under Article 121 - 8 (4) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for two consecutive years after the end of the taxable year in which tax reduction or

exemption is granted, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing a tax base of the taxable year in which the number of full - time employees has decreased: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017 >

The aggregate of amounts of tax reduced or exempted under Article 121 - 8 (2) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for tax reduction or exemption in the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won if Article 121 - 8 (2) 3 of the Act is applicable)]

(4) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees under Article 121 - 8 (5) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015 >

(5) A person who intends to be granted a reduction or exemption of corporate tax or income tax as prescribed in Article 121 - 8 (1) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(6) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 8 (2) of the Act, means the service business referred to in Article 23 (4). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 17583, Apr. 20, 2002]

Article 116 - 15 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that

Occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)(1) An investment eligible for the reduction of, or exemption from, the corporate tax or income tax under Article 121 - 9 (1) 1 of the Act, shall be any of the following investments:

<Amended by Presidential Decree No. 26922, Jan. 22, 2016 >

1. An investment of at least 20 million U.S. dollars made to establish a new facility in order to engage in any of the following businesses:
 - (a) Tourist hotel business, floating tourist hotel business, or Korea traditional hotel business defined in Article 2 (1) 2 of the Enforcement Decree of the Tourism Promotion Act;
 - (b) Specialized resort business, general resort business, tourist excursion ship business, or tourist theater business defined in Article 2 (1) 3 of the Enforcement Decree of the Tourism Promotion Act: Provided, That the business operating the driving range referred to in Article 10 (1) 1 of the Installation and Utilization of Sports Facilities Act, of the specialized resort business and the general resort business, shall be excluded herefrom;
 - (c) International conference facility business defined in Article 2 (1) 4 of the Enforcement Decree of the Tourism Promotion Act;
 - (d) General amusement facilities defined in Article 2 (1) 5 of the Enforcement Decree of the Tourism Promotion Act;
 - (e) Tourist restaurant business defined in Article 2 (1) 6 of the Enforcement Decree of the Tourism Promotion Act;
2. An investment of at least 5 million U.S. dollars made to establish a new facility in order to engage in any of the following businesses:
 - (a) The cultural industry defined in subparagraph 1 of Article 2 of the Framework Act on the Promotion of Cultural Industries;
 - (b) A business operating welfare facilities for elderly persons defined in Article 31 of the Welfare of Older Persons Act;
 - (c) A business operating juvenile training facilities defined in subparagraph 1 of Article 10 of the Juvenile Activity Promotion Act;
 - (d) A tramway business defined in subparagraph 7 of Article 2 of the Tramway Transportation Act;
 - (e) A business generating electric power utilizing new 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;
 - (f) A self - regulating school defined in Article 216 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City, an international high school defined in Article 217 of the

same Act, or a foreign educational institution defined in Article 220 of the same Act, or an international school defined in Article 223 of the same Act;

(g) A foreign medical institution defined in Article 307 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City, or a medical institution established under Article 33 of the Medical Service Act (excluding medical clinics, dental clinics, oriental medical clinics, and midwifery clinics);

(h) An educational institute defined in subparagraph 10 (b) of attached Table 1 to the Enforcement Decree of the Building Act (including training institutes and other similar institutes);

(i) An industry that utilizes advanced technology defined in Article 5 of the Industrial Development Act (limited to the fields of electronics, electrical engineering, information, novel substances, and biotechnology);

(j) A business researching and developing technology for health and medical service defined in Article 2 (1) 1 of the Health and Medical Service Technology Promotion Act or a research and development service business providing assistance in research and development of technology for health and medical service by providing technical information or consulting service or by conducting tests, analyses, etc.;

(k) A business manufacturing food products and manufacturing beverages, among factories defined in subparagraph 1 of Article 2 of the Industrial Cluster Development and Factory Establishment Act: Provided, That facilities for such business activities shall be limited to those installed in the water industry cluster defined in Article 378 (2) of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City.

(2) An investment eligible for the reduction of, or exemption from, the corporate tax or income tax under Article 121 - 9 (1) 2 of the Act, shall be either of the following:

<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20105, Jun. 26, 2007; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26922, Jan. 22, 2016; Presidential Decree No. 26959, Feb. 5, 2016>

1. Where the total project cost is at least 10 million U.S. dollars; the number of full - time employees newly hired by the enterprise that occupies the free trade zone is

at least one hundred; and a new facility is established to engage in the business specified in Article 10 (1) 1 of the Act on the Designation and Management of Free Trade Zones;

2. Where the total project cost is at least 5 million U.S. dollars; and a new facility is established to engage in the business specified in Article 10 (1) 5 of the Act on the Designation and Management of Free Trade Zones.

(3) An investment eligible for the reduction of, or exemption from, the corporate tax and income tax as prescribed in Article 121 - 9 (1) 3 of the Act, means an investment in a development project, the total cost of which is at least 100 billion won. <Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26922, Jan. 22, 2016 >

(4) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 9 (4) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Strategy and Finance by the relevant taxable years in which a reduction or exemption of corporate tax or income tax is granted under Article 121 - 9 (2) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010 >

(5) The amount of the income tax or corporate tax to be paid under Article 121 - 9 (6) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for two consecutive years after the end of the taxable year in which tax reduction or exemption is granted, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax base of the taxable year in which the number of full - time employees has decreased: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017 >

The aggregate of amounts of tax reduced or exempted under Article 121 - 9 (4) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for reduction or exemption in the taxable year in which the number of full - time employees has decreased x 10 million won (or 20 million won if Article 121 - 9 (4) 3 of the Act is applicable)]

(6) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full-time employees and the method for calculating the number of full-time employees under Article 121 - 9 (7) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015 >

(7) A person who intends to be granted a reduction or exemption of corporate tax or income tax under Article 121 - 9 (2) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(8) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 9 (4) of the Act, means the service business referred to in Article 23 (4). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 17583, Apr. 20, 2002]

Article 116 - 16 (Exemption from Customs Duties on Imported Goods of Companies

Located in Jeju High - tech Science and Technology Complex)(1) "Goods prescribed by Presidential Decree" in Article 121 - 10 (1) of the Act means goods, customs duties on which are reduced or exempted pursuant to Article 90 (1) 4 of the Customs Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

(2) "Goods prescribed by Presidential Decree" Article 121 - 11 (1) of the Act means any goods confirmed by the Jeju Special Self - Governing Province Governor, import declarations on which have been filed within three years from the date of designation of the 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. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19563, Jun. 29, 2006; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26922, Jan. 22, 2016 >

[This Article Newly Inserted by Presidential Decree No. 17583, Apr. 20, 2002]

Article 116 - 17 (Additional Collection of Reduced or Exempted Tax Amount from Companies Located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)(1)

The corporate tax, income tax, and customs duties referred to in Article 121 - 12 (1) of the Act shall be additionally collected as follows: <Amended by Presidential Decree No. 18669, Jan. 5, 2005; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 26959, Feb. 5, 2016 >

1. In cases provided for in Article 121 - 12 (1) 1 through 3 of the Act: Additionally collect the tax amount reduced or exempted within three years retroactively from the date of cancellation of designation, the date of revocation of an occupancy permit, or the date of business closure;

2. Deleted;<by Presidential Decree No. 26959, Feb. 5, 2016 >

3. In the case provided for in Article 121 - 12 (1) 6 of the Act: Additionally collect the full amount of the reduced or exempted tax amount.

(2) and (3) Deleted.<by Presidential Decree No. 26959, Feb. 5, 2016 >

(4) Article 100 (2) of the Customs Act shall apply mutatis mutandis to the calculation of customs duties additionally collected under paragraph (1) 1.<Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

[This Article Newly Inserted by Presidential Decree No. 17583, Apr. 20, 2002]

Article 116 - 18 (Notification, etc. of Causes for Additional Collection of Taxes)(1)

When the Minister of Trade, Industry and Energy, the Minister of Land, Infrastructure and Transport, the head of a tax office, the head of a customs office, or the head of a local government becomes aware of the fact that any cause for additional collection of taxes provided for in Article 121 - 12 (1) of the Act has arisen, he/she shall notify the relevant authority for additional collection thereof, without delay. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 26922, Jan. 22, 2016 >

(2) When the head of a tax office, the head of a customs house, and the head of a local government has additionally collected taxes under Article 121 - 12 (1) of the Act, he/she shall notify the Jeju Special Self - Governing Province Governor thereof, without delay.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 26922, Jan. 22, 2016 >

(3) The date on which a company located in the Jeju investment promotion zone or Jeju free trade zone closes its business under Article 121 - 12 (1) 3 of the Act shall be the date of business closure reported under Article 8 (6) of the Value - Added Tax Act. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 24638, Jun. 28, 2013>

(4) Upon having verified the date of business closure of a company located in the Jeju investment promotion zone or Jeju free trade zone, the head of a tax office shall notify the head of the customs office and the head of the local government having jurisdiction over the place of business of the company thereof, without delay. <Amended by Presidential Decree No. 26922, Jan. 22, 2016>

[This Article Newly Inserted by Presidential Decree No. 17583, Apr. 20, 2002]

Article 116 - 19 Deleted. <by Presidential Decree No. 26959, Feb. 5, 2016>

Article 116 - 20 Deleted. <by Presidential Decree No. 26959, Feb. 5, 2016>

CHAPTER V - 3 SPECIAL TAXATION TO DEVELOP ENTERPRISE CITIES AND TO SUPPORT REGIONAL DEVELOPMENT PROJECT ZONES, ETC.

Article 116 - 21 (Reduction or Exemption of Corporate Tax, etc. for Start - Up

Enterprises, etc. in Enterprise City Development Zones, etc.)(1) An investment eligible for the reduction of, or exemption from, the corporate tax or income tax under Article 121 - 17 (1) 1, 3, or 5 of the Act, means an investment of at least ten billion won (or at least two billion won in cases of the business specified in Article 116 - 2 (17) 2; or at least five billion won in cases of the business specified in Article 116 - 2 (17) 3) made to establish a new facility in an enterprise city development zone defined in subparagraph 2 of Article 2 of the Special Act on the Development of Enterprise Cities (hereafter in this Article, referred to as "enterprise city development zone"); a regional development project zone designated under Article 11 of the Regional Development Assistance Act (limited to the regional development projects designated under Article 7 (1) 1 of the same Act; hereafter in this Article, referred to as "regional development project zone"); a regional promotion area designated under Article 67 of the same Act (hereafter in this Article, referred to as "regional promotion area"); or the special 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 (hereafter in this Article, referred to as "special marine exposition district"), in order to engage in any of the business activities specified under Article 116 - 2 (17): <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016 >

1. through 9. Deleted.<by Presidential Decree No. 21307, Feb. 4, 2009 >

(2) An investment eligible for the reduction of, or exemption from, the corporate tax or income tax under Article 121 - 17 (1) 2, 4, 6, or 7 of the Act, means any investment made in a project for developing an enterprise city development zone in accordance with the relevant enterprise city development plan formulated under Article 11 of the Special Act on the Development of Enterprise Cities; a regional development project executed by the project implementer designated under Article 19 of the Regional Development Assistance Act for developing a regional development project zone or a regional promotion area; a development project executed by the project implementer designated under Article 18 (1) of the Special Act on the Commemoration of and Follow - Up on the Expo 2012 Yeosu Korea for developing the special marine exposition district; or the Saemangeum Project executed by the project implementer designated under Article 8 (1) of the Special Act on Promotion of the Saemangeum Project, if the total project cost is at least 100 billion won.<Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016; Presidential Decree No. 27848, Feb. 7, 2017 >

(3) Income eligible for tax reduction or exemption for the business activities engaged in by an enterprise that starts its business or establishes a new place of business in an enterprise city development zone, regional development project zone, regional promotion area, or special marine exposition district referred to in Article 121 - 17 (1) 1, 3, or 5 of the Act, means the income directly accruing from the facilities in which the enterprise has made investments in the relevant area, in order to engage in the business eligible for tax reduction or exemption under paragraph

(1). <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(4) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 17 (4) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Strategy and Finance by the relevant taxable years in which a reduction or exemption of corporate tax or income tax is granted under Article 121 - 17 (2) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(5) The amount of the income tax or corporate tax to be paid under Article 121 - 17 (6) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for the two consecutive years after the taxable year in which the tax reduction or exemption is granted ends, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased: <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

The aggregate of amounts of tax reduced or exempted under Article 121 - 17 (4) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for tax reduction or exemption in the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won if Article 121 - 17 (4) 3 of the Act is applicable)]

(6) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and the methods for calculating the number of full - time employees under Article 121 - 17 (7) of the Act. <Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

(7) A person who intends to be granted a reduction or exemption of corporate tax or income tax under Article 121 - 17 (2) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of

Strategy and Finance, with the head of the competent tax office having jurisdiction over the place of tax payment, along with his/her tax return. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(8) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 17 (4) of the Act, means the service business referred to in Article 23 (4). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 116 - 22 (Post Management of Special Taxation for Golf Courses in Enterprise Cities)

The Metropolitan City Mayor or the head of the Si or Gun (excluding the head of a Gun under the jurisdiction of a Metropolitan City) having jurisdiction over a tourism - centered enterprise city (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 as at the time the Special Act on the Development of Enterprise Cities as partially amended by Act No. 13372 enters into force; the same shall apply hereafter in this Article) shall take the following measures pursuant to Article 121 - 18 (2) of the Act: <Amended by Presidential Decree No. 26748, Dec. 22, 2015 >

1. To establish and operate the deliberative committee on admission fees for golf courses in order to deliberate on whether to reflect the tax cuts under Article 121 - 18 (1) of the Act in admission fees for golf courses located in tourism - centered enterprise cities;
2. To take corrective measures, such as reducing the admission fees, if he/she deems that the deliberative committee on the admission fees for golf courses fails to properly reflect the tax cuts in admission fees.

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 116 - 23 (Additional Collection of Reduced or Exempted Tax Amount)

The additional collection of the corporate tax or income tax under Article 121 - 19 (1) of the Act shall be made according to the following standards: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013 >

1. In cases falling under Article 121 - 19 (1) 1, 2, 4, 5 and 6 of the Act: Additionally collect the amount tax that has been reduced or exempted within five years from the date of cancellation of designation, date of business closure, or date of

discontinuance;

2. In cases falling under Article 121 - 19 (1) 3 of the Act: Additionally collect the total amount of tax that has been reduced or exempted.

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

Article 116 - 24 (Notification, etc. of Causes for Additional Collection of Taxes)(1) When the Minister of Land, Infrastructure and Transport, and the head of a local government becomes aware of the fact that any of the causes for additionally collecting taxes under Article 121 - 19 (1) of the Act has occurred, he/she shall, without delay, notify the head of the competent tax office thereof. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013>

(2) The date of permanent closure of business reported under Article 8 (6) of the Value - Added Tax Act shall be deemed the date of permanent closure of the business or place of business of an enterprise that started up a business or established a place of business in an enterprise city development zone, a regional development project zone, a regional promotion area, or the special marine exhibition district defined under Article 121 - 19 (1) 4, 5, or 6 of the Act (hereafter referred to as "start - up business, etc." in this Article).<Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

(3) Upon ascertaining the date of permanent closure of the business or place of business of a start - up business, etc. in an enterprise city development zone, a regional development project zone, a regional promotion area, or the special marine exhibition district, the head of a tax office shall give notice thereof to the head of the local government having jurisdiction over its place of business, without delay. <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

[This Article Newly Inserted by Presidential Decree No. 18704, Feb. 19, 2005]

CHAPTER V - 4 SPECIAL TAXATION TO SUPPORT ASIAN CULTURAL HUB CITY

Article 116 - 25 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that Occupy Investment Promotion Zone in Asian Cultural Hub City)(1)

An investment eligible for the reduction of, or exemption from, the corporate tax or income tax under Article 121 - 20 (1) of the Act, means any of the following investments:

<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. An investment of at least 500 million won made to establish a new facility in order to engage in any of the following business activities:
 - (a) Publishing activities;
 - (b) Business producing or distributing video or audio record products (excluding business operating rooms for viewing video products);
 - (c) Broadcasting;
 - (d) Computer programming, system integration, and management services;
 - (e) Information service activities (excluding news agency activities);
 - (f) Advertising;
 - (g) Specialized design services;
 - (h) Exhibition, convention, and trade fair organization agencies;
 - (i) Creative and arts - related services (excluding individual artists);
 2. An investment of at least 3 billion won made to establish a new facility in order to engage in any of the following business activities:
 - (a) Business operating a tourist accommodation business, tourist - use facility business (excluding where the driving range referred to in Article 10 (1) 1 of the Installation and Utilization of Sports Facilities Act is established and provided to tourists for use), international conference business, recreation facility business, or tourist convenience facility business referred to in Article 3 (1) of the Tourism Promotion Act;
 - (b) Business operating a juvenile training facility referred to in subparagraph 1 of Article 10 of the Juvenile Activity Promotion Act;
 - (c) Business operating an educational institute (including a training institute and other similar institutes) referred to in subparagraph 10 (b) of attached Table 1 to the Enforcement Decree of the Building Act.
- (2) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 20 (4) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Strategy and Finance by the relevant taxable years in

which a reduction or exemption of corporate tax or income tax is granted under Article 121 - 20 (2) of the Act.<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(3) The amount of the income tax or corporate tax to be paid under Article 121 - 20 (6) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for the two consecutive years after the taxable year in which tax reduction or exemption is granted ends, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased:<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 27848, Feb. 7, 2017>

The aggregate of amounts of tax reduced or exempted under Article 121 - 20 (4) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for tax reduction or exemption in the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won if Article 121 - 20 (4) 3 of the Act is applicable)]

(4) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees under Article 121 - 20 (7) of the Act.<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 26070, Feb. 3, 2015>

(5) The amount of the corporate tax and income tax to be additionally collected pursuant to Article 121 - 20 (8) of the Act, shall be the full amount of tax reduced or exempted.<Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010>

(6) Any person who intends to apply for a reduction or exemption of corporate tax or income tax pursuant to Article 121 - 20 (11) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.<Amended by Presidential Decree No. 22583, Dec. 30, 2010>

(7) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 20 (4) of the Act, means the service business referred to in Article 23 (4).

<Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 21429, Apr. 21, 2009]

CHAPTER V - 5 SPECIAL TAXATION TO CREATE AND DEVELOP FINANCIAL HUBS

Article 116 - 26 (Reduction or Exemption of Corporate Tax, etc. for Enterprises, etc.

Incorporated in Financial Hubs)(1) "Requirements prescribed by Presidential Decree" in Article 121 - 21 (1) of the Act, means that the investment made by the relevant enterprise is at least two billion won; and the number of full - time employees prescribed by Ordinance of the Ministry of Strategy and Finance, that are persons hired by such enterprise to work at the place of business located in the relevant zone, is at least ten.

(2) 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 Article 121 - 21 (2) of the Act, means the income directly accruing from the place of business that has invested in such zone to engage in the business eligible for tax reduction or exemption under Article 121 - 21 (1) of the Act.

(3) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 21 (4) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Strategy and Finance by the relevant taxable years in which a reduction or exemption of corporate tax or income tax is granted under Article 121 - 21 (2) of the Act.

(4) The amount of the income tax or corporate tax to be paid under Article 121 - 21 (6) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for the two consecutive years after the taxable year in which a tax reduction or exemption is granted ends, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased:< Amended by Presidential

[Decree No. 27848, Feb. 7, 2017](#)>

The aggregate of amounts of tax reduced or exempted under Article 121 - 21 (4) 2 or 3 of the Act within two taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for tax reduction or exemption in the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won if Article 121 - 21 (4) 3 of the Act is applicable)]

(5) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees under Article 121 - 21 (7) of the Act.<[Amended by Presidential Decree No. 23590, Feb. 2, 2012](#); [Presidential Decree No. 26070, Feb. 3, 2015](#)>

(6) The amount of the corporate tax or income tax to be additionally collected pursuant to Article 121 - 21 (8) of the Act, shall be the full amount of tax reduced or exempted.

(7) Where the Financial Services Commission, the Minister of Land, Infrastructure and Transport, and the head of a local government becomes aware that a ground for additionally collecting taxes has arisen as prescribed in Article 121 - 21 (8) of the Act, he/she shall without delay notify the head of the competent tax office thereof.
<[Amended by Presidential Decree No. 24441, Mar. 23, 2013](#)>

(8) Upon ascertaining the date of permanent closure of the business or place of business of an enterprise, etc. incorporated in a financial hub, the head of a tax office shall without delay notify the head of the local government having jurisdiction over the place of business of the relevant enterprise thereof.

(9) A person who intends to apply for a reduction or exemption of corporate tax or income tax pursuant to Article 121 - 20 (11) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

(10) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 21 (4) of the Act, means the service business referred to in Article 23 (4).
<[Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017](#)>

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

CHAPTER V - 6 SPECIAL TAXATION TO SUPPORT HIGH - TECH MEDICAL COMPLEXES

Article 116 - 27 (Reduction or Exemption of Corporate Tax, etc. for Medical Research and Development Institutions, etc. that Occupy High - Tech Medical Complexes)(1)

"Business prescribed by Presidential Decree" in Article 121 - 22 (1) of the Act, means any business related to the health and medical service technology defined in Article 2 (1) 1 of the Health and Medical Service Technology Promotion Act.

(2) "Cumulative investments prescribed by Presidential Decree" in Article 121 - 22

(3) 1 of the Act, means the aggregate of investments in the business assets prescribed by Ordinance of the Ministry of Strategy and Finance by the relevant taxable years in which a reduction or exemption of income tax or corporate tax is granted under Article 121 - 22 (2) of the Act.

(3) The amount of the income tax or corporate tax to be paid under Article 121 - 22 (5) of the Act, shall be calculated by the following formula (where the amount is a negative, it shall be deemed nil; if the number of full - time employees has decreased for three consecutive years after the taxable year in which a tax reduction or exemption is granted ends, such amount to be paid in the third taxable year means an amount less the total amount paid in the first and second taxable years; and where the number of full - time employees has decreased for two consecutive years, such amount to be paid in the second taxable year means an amount less the amount paid in the first taxable year); and such amount shall be paid as income tax or corporate tax, when filing the tax return of the taxable year in which the number of full - time employees has decreased: <Amended by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 27848, Feb. 7, 2017 >

The aggregate of amounts of tax reduced or exempted under Article 121 - 22 (3) 2 or 3 of the Act within three taxable years immediately preceding the taxable year in which the number of full - time employees of the relevant enterprise has decreased - [the number of full - time employees of the place of business eligible for tax reduction or exemption in the taxable year in which the number of full - time employees has decreased × 10 million won (or 20 million won if Article 121 - 22 (3)

3 of the Act is applicable)]

(4) Article 23 (10) through (12) shall apply mutatis mutandis to the scope of full-time employees and the methods for calculating the number of full-time employees under Article 121 - 22 (6) of the Act. <Amended by Presidential Decree No. 26070, Feb. 3, 2015>

(5) A person who intends to apply for a reduction or exemption of income tax or corporate tax pursuant to Article 121 - 22 (7) of the Act, shall file an application for tax reduction or exemption, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return.

(6) "Service business prescribed by Presidential Decree" in the proviso to Article 121 - 22 (3) of the Act, means the service business referred to in Article 23 (4). <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012]

CHAPTER V - 7 SPECIAL TAXATION FOR RESTRUCTURING OF THE NATIONAL AGRICULTURAL COOPERATIVE FEDERATION

Article 116 - 28 (Special Taxation for Split, etc. of National Agricultural Cooperative

Federation) (1) Where an all-inclusive share swap under Article 360 - 2 of the Commercial Act takes place as prescribed in Article 121 - 23 (4) of the Act between the National Agricultural Cooperative Federation established under the Agricultural Cooperatives Act (hereafter referred to as the "National Agricultural Cooperative Federation" in this Article) and the Nonghyup Agrobusiness Group referred to in Article 121 - 23 (3) of the Act, the amount by which taxation is re-deferred shall be equal to the advanced depreciation provisions recognized in the stocks acquired by the split under Article 121 - 23 (1) of the Act.

(2) "Business prescribed by Presidential Decree" in Article 121 - 23 (5) of the Act means any of the following:

1. Business for assistance and guidance, among the businesses specified in Article 134 (1) 2 (b) and (c), and 3 (b) of the Agricultural Cooperatives Act;
2. Business for funding necessary to promote financial programs under Article 134 - 2 (3) of the Agricultural Cooperatives Act;

3. Business for assistance and guidance, among the businesses specified in subparagraph 3 of attached Table 4 of the Enforcement Decree of the Agricultural Cooperatives Act.

(3) "Amount of dividends to be paid to its members under Article 68 of the Agricultural Cooperatives Act" in Article 121 - 23 (6) of the Act means the sum of the following amounts:

1. The amount distributed by the National Agricultural Cooperative Federation to its members as dividends during the business year immediately following the relevant business year by applying mutatis mutandis Article 68 of the Agricultural Cooperatives Act pursuant to Article 161 of the same Act;
2. The amount calculated by subtracting the sum of the amounts recognized in the statement of tax adjustment as the reserve for proper purpose business under Article 121 - 23 (6) of the Act during the period from the business year in which March 2, 2012 falls to the business year immediately preceding the relevant business year, from the sum of amounts distributed to its members as dividends during the period from the business year that begins on or after March 2, 2012 to the relevant business year by applying mutatis mutandis Article 68 of the Agricultural Cooperatives Act pursuant to Article 161 of the same Act (if the amount is negative, it shall be deemed zero).

[\[This Article Wholly Amended by Presidential Decree No. 26070, Feb. 3, 2015\]](#)

CHAPTER V - 8 SPECIAL TAXATION FOR RESTRUCTURING OF NATIONAL FEDERATION OF FISHERIES COOPERATIVES

Article 116 - 29 (Special Taxation for Division, etc. of National Federation of Fisheries Cooperatives)(1) For the purposes of Article 121 - 25 (1) of the Act, the case deemed a division that satisfies the requirements prescribed in Article 47 (1) of the Corporate Tax Act shall be where the National Federation of Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act (hereafter in this Article, referred to as the "National Federation of Fisheries Cooperatives") separates its credit business and incorporates the SuHyup Bank pursuant to Article 141 - 4 (1) of the Fisheries Cooperatives Act.

(2) "Funds prescribed by Presidential Decree" in Articles 121 - 25 (2) and (5) 2 of the Act, means the funds the Korea Deposit Insurance Corporation incorporated under Article 3 of the Depositor Protection Act has invested in the National Federation of Fisheries Cooperatives pursuant to Article 153 of the Fisheries Cooperatives Act.

(3) "Business prescribed by Presidential Decree" in Article 121 - 25 (3) of the Act, means the following business affairs:

1. Business affairs that a cooperative defined in subparagraph 4 of Article 2 of the Fisheries Cooperatives Act (hereinafter referred to as "cooperative"), entrusts to the SuHyup Bank pursuant to Article 141 - 9 (1) 4 of the same Act;
2. Business affairs related to the entrusted operation and management of the computer system of the cooperatives among the business affairs referred to in Article 141 - 9 (1) 7 of the Fisheries Cooperatives Act.

(4) The corporations that use "fisheries cooperative" in their titles pursuant to Article 1221 - 25 (4) 2 of the Act, mean the corporations that use "fisheries cooperative" in their titles pursuant to Article 162 - 2 (1) of the Fisheries Cooperatives Act.

(5) "Amount prescribed by Presidential Decree" in Article 121 - 25 (5) 1 of the Act, means the amount that the National Federation of Fisheries Cooperatives distributes to its members in the business year immediately following the relevant business year by applying mutatis mutandis Article 71 of the Fisheries Cooperatives Act pursuant to Article 168 of said Act.

(6) "Royalties for the use of the title" to which Article 52 of the Corporate Tax Act shall not apply pursuant to Article 121 - 25 (6) of the Act, means the royalties that a corporation pays for the use of "fisheries cooperative" in its title pursuant to Article 162 - 2 (1) of the Fisheries Cooperatives Act.

(7) "Services that use the title" exempt from value - added tax under Article 121 - 25 (7) of the Act, means those for which the National Federation of Fisheries Cooperatives permits the use of "fisheries cooperative" pursuant to Article 162 - 2 (1) of the Fisheries Cooperatives Act.

(8) The computer - related services exempt from value - added tax under Article 121 - 25 (8) 1 of the Act, are as follows:

1. Services the SuHyup Bank provides to establish an information network referred to in Article 138 (1) 1 (d) of the Fisheries Cooperatives Act, as entrusted by the National Federation of Fisheries Cooperatives pursuant to Article 141 - 9 (1) 4 of the Fisheries Cooperatives Act;
 2. Services the SuHyup Bank provides to each cooperative for the entrusted operation and management of the computer system referred to in Article 141 - 9 (1) 7 of the Fisheries Cooperatives Act.
- (9) The computer - related services exempt from value - added tax under Article 121 - 25 (8) 2 of the Act, mean the services the SuHyup Bank provides to the National Federation of Fisheries Cooperatives for the entrusted operation and management of the computer system referred to in Article 141 - 9 (1) 7 of the Fisheries Cooperatives Act.

[This Article Newly Inserted by Presidential Decree No. 27649, Dec. 1, 2016]

CHAPTER V - 9 SPECIAL TAXATION FOR BUSINESS RESTRUCTURING PLANS

Article 116 - 30 (Special Taxation for Assets Sold by Domestic Corporations to Pay

Financial Debts)(1) "Date prescribed by Presidential Decree" in Article 121 - 26 (1) of the Act, means the date a domestic corporation receives an installment (the down payment shall be deemed included in the first installment).

(2) "Unavoidable causes prescribed by Presidential Decree" in Article 121 - 26 (1) of the Act, means where it is impossible to repay a debt due to a situation in which a financial institution referred to in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in this Article, referred to as "creditor financial institution") is unable to receive the repayment of the debt (hereafter in this Article, referred to as "amount of debts paid").

(3) "Deadline prescribed by Presidential Decree" in Article 121 - 26 (1) of the Act, means the following relevant deadline:

1. Where the unavoidable causes provided for in paragraph (2) arise and the date such causes terminate comes three months later than the date the relevant assets are transferred (hereafter in this Article, referred to as "date assets are transferred"), the date following the date the relevant causes terminate;

2. In any case other than subparagraph 1, the date three months lapse from the date assets are transferred.

(4) "Business restructuring plan in the form prescribed by Presidential Decree" in Article 121 - 26 (1) of the Act, means a plan (hereafter in this Article, referred to as "business restructuring plan") that contains the following matters and the matters provided for in the subparagraphs of Article 9 (2) of the Special Act on the Corporate Revitalization and is approved by the head of the competent authority (hereafter in this Article, referred to as the "person authorized to approve business restructuring plans") under Article 10 of said Act:

1. The total amount of debts payable to financial institutions through the transfer of assets and details of such debts;
2. A plan for repayment of debts to financial institutions referred to in subparagraph 1;
3. Details of assets to be transferred and a transfer plan.

(5) "Amount that exceeds the deficit prescribed by Presidential Decree" out of "an amount equivalent to the paid debts prescribed by Presidential Decree" in Article 121 - 26 (1) of the Act, means an amount calculated by the following formula (hereafter in this Article, referred to as "amount equivalent to capital gains"):
[Capital gains referred to in Article 121 - 26 (1) of the Act - Losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses") as at the end of the business year immediately preceding the business year in which assets are transferred. If the domestic corporation covers carried - forward losses first with the value of assets it has acquired without consideration or with the reduced amount of debts due to debt relief or acquittance in such cases, the covered amount shall be subtracted from the carried - forward losses] × [the amount of debts paid ÷ the transfer value out of the transfer value of the assets transferred pursuant to Article 121 - 26 (1) of the Act (hereafter in this Article, referred to as "transfer value")]

(6) For the purposes of paragraph (5), if debts to financial institutions have not been paid until the end of the business year in which assets are transferred, the amount of debts paid shall be determined with the amount of debts payable on the statement of debts paid (or payable) in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "amount of debts

payable").

(7) For the purposes of Article 121 - 26 (1) and (2) of the Act, Article 162 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the date assets are transferred: Provided, That the date provided for in paragraph (1) shall apply to a transfer under long - term installment terms.

(8) For the purposes of Article 121 - 26 (1) and (2) of the Act, the scope of debts shall be limited to those specified in the business restructuring plan, which shall include the details of debts and a repayment plan through the transfer of assets and shall include the following (hereafter in this Article, referred to as "debts to financial institutions"):

1. Business - related loans from creditor financial institutions;
2. Interest on the loans referred to in subparagraph 1;
3. Corporate bonds issued by the relevant domestic corporation to raise funds, which are purchased or guaranteed by the creditor financial institutions;
4. Commercial paper issued by the relevant domestic corporation to raise funds, which is purchased by the creditor financial institutions.

(9) Where an amount not included in gross income shall be included in gross income in accordance with the former part of Article 121 - 26 (2) of the Act, the amount calculated by the following formula shall be included in gross income:

1. In cases falling under Article 121 - 26 (2) 1 of the Act: The amount calculated by the following formula:

Equivalent to capital gains × (Amount of debts payable - Amount of debts paid out of the transfer value) ÷ Amount of debts payable

2. In cases falling under Article 121 - 26 (2) 2 of the Act: The amount calculated by the following formula:

Equivalent to capital gains × Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

3. In cases falling under Article 121 - 26 (2) 3 or 4 of the Act:

The full amount not included in gross income out of the equivalent to capital gains.

(10) The additional amount equivalent to the interest, which shall be paid in addition to corporate tax in accordance with the latter part of Article 121 - 26 (2) of the Act, means the difference in corporate tax incurred by excluding the amount calculated under any subparagraph of paragraph (9) from gross income for the business year in

which assets are transferred, multiplied by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the day following the end of the business year in which assets are transferred, until the end of the business year in which the amount calculated under any subparagraph of paragraph (9) is included in gross income;
2. 3/10,000 per day.

(11) For the purposes of paragraph (9) (excluding paragraph (9) 3: hereafter in this paragraph, the same shall apply) and paragraph (10), if an amount not included partially or fully in gross income in accordance with Article 121 - 26 (1) of the Act is included later in gross income (hereafter in this Article, referred to as "amount already included in gross income") before including the amount calculated under paragraph (9) in gross income, the amount already included in gross income in the order of inclusion in gross income shall be deemed the amount included in gross income under paragraph (9); and the additional amount equivalent to the interest referred to in paragraph (10) shall be calculated based on the period until the business year in which such amount is included in gross income.

(12) For the purposes of Article 121 - 26 (2) 2 of the Act, the three - year period shall be calculated, deeming that the period from the date assets are transferred, until the end of the relevant business year, is one year.

(13) For the purposes of Article 121 - 26 (2) 2 of the Act, the debt ratio shall be calculated by dividing the liabilities prescribed by Ordinance of the Ministry of Strategy and Finance (if the date assets are transferred and the date debts are repaid, fall in different business years, and the debt ratio for the business year in which assets are transferred is calculated, the amount of debts payable shall be subtracted from the liabilities; hereafter in this Article, referred to as "liabilities") as at the end of each business year, by the stockholders' equity on the balance sheet (its amount shall be calculated, as prescribed by Ordinance of the Ministry of Strategy and Finance, and it refers to the paid - in capital calculated, as prescribed by Ordinance of the Ministry of Strategy and Finance, if the stockholders' equity is less than the paid - in capital; hereafter in this Article, referred to as "stockholder's equity"). Foreign - currency denominated assets and liabilities in such cases shall be valued, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(14) For the purposes of Article 121 - 26 (2) 2 of the Act, the standard debt ratio shall be the ratio of subparagraph 1 minus the ratio of subparagraph 2. In such cases, foreign - currency denominated assets and liabilities shall be valued, as prescribed by Ordinance of the Ministry of Strategy and Finance:

1. The ratio calculated by dividing liabilities as at the end of the business year (hereafter in this Article, referred to as "record date for calculation of the standard debt ratio") immediately preceding the business year in which a business restructuring plan is first approved, by the stockholders' equity as at the record date for calculation of the standard debt ratio. If liabilities and stockholder's equity are valued and confirmed by the person authorized to approve the business restructuring plan to establish a business restructuring plan as of a specific day during the period from the record date for calculation of the standard debt ratio to the date before the date the business restructuring plan is first approved, such liabilities and stockholder's equity may be used for calculation in such cases;
2. The ratio calculated by dividing the amount of debts paid (or the amount of debts payable if the date assets are transferred and the date debts are repaid, fall in different business years, and the standard debt ratio for the business year in which assets are transferred is calculated) by the stockholders' equity referred to in subparagraph 1.

(15) "Corporation prescribed by Presidential Decree, such as a merging corporation" in the main sentence of Article 121 - 26 (2) 3 of the Act, means a corporation that succeeds to the relevant business in the manner prescribed in subparagraph 2 (a) of Article 2 of the Special Act on the Corporate Revitalization through a merger, division, or such in accordance with a business restructuring plan.

(16) "Unavoidable causes prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 121 - 26 (2) 3 of the Act, means the following cases:

1. Where bankruptcy is declared;
2. Where a business is discontinued due to a natural disaster or any other similar event.

(17) "Causes prescribed by Presidential Decree" in Article 121 - 26 (2) 4 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(18) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit the business restructuring plan and a report on performance of the business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, subject to confirmation of the person authorized to approval business restructuring plans by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which the domestic corporation ' s business restructuring plan is approved;
2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for any of the following business years:
 - (a) The business year in which assets are transferred;
 - (b) The business year (limited to where the date assets are transferred and the date debts are repaid, fall in different business years) in which the date debts are repaid to financial institutions (hereafter in this Article, referred to as "date debts are repaid"), falls;
 - (c) Three business years following the business year in which debts are repaid.

(19) A domestic corporation that wishes to be eligible under Article 121 - 26 (1) of the Act, shall submit a statement of capital gains and adjustment for inclusion in gross income in installments, and a statement of debts paid (or payable), in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which assets are transferred: Provided, That it shall submit a statement of debts paid, along with its tax return for the business year in which debts are repaid, if the date assets are transferred and the date debts are repaid, fall in different business years.

[\[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016\]](#)

Article 116 - 31 (Special Taxation for Assumption and Payment of Debts)(1) The assumption and payment of debts under Article 121 - 27 (1) of the Act (hereafter in this Article, referred to as "assumption and payment of debts"), shall be limited to debts assumed or paid in lump sum solely by a stockholder or jointly by

stockholders, etc. referred to in paragraph (1) of the same Article (hereafter in this Article, referred to as "stockholders, etc.") under a single agreement.

(2) For the purposes of Article 121 - 27 (1) through (5) of the Act, the scope of debts shall be limited to those specified in the business restructuring plan referred to in paragraph (3), which shall contain the details of debts and the plan for assumption and payment of debts by stockholders, etc. and shall include the amounts referred to in the subparagraphs of Article 116 - 30 (8) (hereafter in this Article, referred to as "debts to financial institutions"). <Amended by Presidential Decree No. 27649, Dec. 1, 2016>

(3) "Business restructuring plan prescribed by Presidential Decree" in Article 121 - 27 (1) of the Act, means a plan (hereafter in this Article, referred to as "business restructuring plan") that contains the following matters and the matters provided for in the subparagraphs of Article 9 (2) of the Special Act on the Corporate Revitalization and is approved by the head of the competent authority under Article 10 of said Act (hereafter in this Article, referred to as "person authorized to approve business restructuring plans"):

1. The total amount and details of debts to financial institutions, which stockholders, etc. shall assume and pay;
2. A plan for assumption and payment of debts by stockholders, etc.;
3. A plan for transfer of stocks or equity shares owned by the persons specified in Article 121 - 27 (1) of the Act and paragraph (4) 1 and 2 of this Article (hereafter in this Article, referred to as "controlling stockholder, etc.").

(4) The controlling stockholder or investor and related persons to such controlling stockholder or investor referred to in Article 121 - 27 (1) of the Act, are as follows:

1. The controlling stockholder, etc. provided for in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act;
2. Related persons provided for in Article 43 (8) of the Enforcement Decree of the Corporate Tax Act.

(5) "Related persons prescribed by Presidential Decree" in Article 121 - 27 (1) and (3) 3 of the Act, means persons who have the relationship specified in any subparagraph of Article 87 (1) of the Enforcement Decree of the Corporate Tax Act with the relevant domestic corporation or the controlling stockholder, etc.

(6) "Amount prescribed by Presidential Decree" in Article 121 - 27 (1) of the Act, means the amount of debts assumed and paid by the relevant stockholder, etc. in

accordance with Article 121 - 27 (1) of the Act (hereafter in this Article, referred to as "amount of debts assumed and paid"), out of debts that the corporation subject to transfer provided for in Article 121 - 27 (2) of the Act (hereafter in this Article, referred to as "corporation subject to transfer") owes to financial institutions. (7) "Amount that exceeds the deficit prescribed by Presidential Decree" in Article 121 - 27 (2) of the Act, means the amount (hereafter in this Article, referred to as "reduced amount of debts") calculated by subtracting losses provided for in Article 18 (1) of the Enforcement Decree of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses") from the amount of debts assumed and paid. If the corporation subject to transfer covers carried - forward losses first with the value of assets it has acquired without consideration or with the reduced amount of debts (excluding the amount of debts assumed or paid) due to debt relief or acquittance in such cases, the covered amount shall be subtracted from the carried - forward losses.

(8) Where an amount that the corporation subject to transfer has not included in its gross income, shall be included in its gross income in accordance with the former part of Article 121 - 27 (3) of the Act, the amount shall be calculated as follows:

1. In cases falling under Article 121 - 27 (3) 1 of the Act: The amount calculated by the following formula: Amount of debts reduced \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)
2. In cases falling under any provision of Article 121 - 27 (3) 2 through 4 of the Act: The full amount not included in gross income out of the amount of debts reduced.

(9) The amount of tax that shall be paid in addition to corporate tax under the latter part of Article 121 - 27 (3) of the Act, shall be calculated as follows:

1. In cases falling under Article 121 - 27 (3) 1 of the Act: The amount calculated by the following formula:

Difference in corporate tax, incurred by including the amount of debts assumed and paid in deductible expenses for the business year in which such amount of debts assumed and paid is included in deductible expenses \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

2. In cases falling under any provision of Article 121 - 27 (3) 2 through 4 of the Act: Difference in corporate tax, incurred by including the amount of debts assumed and paid in deductible expenses for the business year in which such amount of debts

assumed and paid is included in deductible expenses.

(10) The additional amount equivalent to interest, which shall be paid in addition to corporate tax in accordance with the latter part of Article 121 - 27 (3) of the Act, means the aggregate of the following amounts:

1. The amount calculated by multiplying the difference in corporate tax, incurred by excluding the amount that shall be included in gross income under paragraph (8) for the business year in which debts are assumed and paid from gross income, by the period of item (a) and the ratio of item (b);

(a) The period from the day following the end of the business year in which debts are assumed and paid, until the end of the business year in which the amount that shall be included in gross income under paragraph (8) is included in gross income;

(b) 3/10,000 per day;

2. The amount of the tax that shall be paid under paragraph (9), multiplied by the period of items (a) and the rate of item (b):

(a) The period from the day following the end of the business year in which debts are assumed and paid, until the end of the business year in which the tax that shall be paid under paragraph (9) is paid;

(b) 3/10,000 per day.

(11) For the purposes of Article 121 - 27 (3) 1 of the Act, the three - year period shall be calculated, deeming that the period from the date of assumption and payment of debts, until the end of the relevant business year, is one year.

(12) Article 116 - 30 (13) and (14) shall apply mutatis mutandis to calculating the debt ratio and the standard debt ratio referred to in Article 121 - 27 (3) 1 of the Act. In such cases, "amount of debts paid" shall be construed as "total amount of debts assumed and paid." <Amended by Presidential Decree No. 27649, Dec. 1, 2016>

(13) "Corporation prescribed by Presidential Decree, such as a merging corporation" in the main sentence of Article 121 - 27 (3) 2 of the Act, means a corporation that succeeds to the relevant business in the manner prescribed in subparagraph 2 (a) of Article 2 of the Special Act on the Corporate Revitalization through a merger, division, or such in accordance with a business restructuring plan.

(14) "Unavoidable causes prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 121 - 27 (3) 2 of the Act, means the following cases:

1. Where bankruptcy is declared;
2. Where a business is discontinued due to a natural disaster or any other similar event.

(15) "Causes prescribed by Presidential Decree" in Article 121 - 27 (3) 4 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(16) In cases of a transfer and acquisition of a corporation under Article 121 - 27 (4) of the Act, if the relevant stock transfer agreement contains provisions concerning due diligence on assets, the shortfall in assets of the corporation subject to transfer shall be limited to the shortfall as at the date of stock transfer, as corrected and reflected in accounts after having confirmed by the accounting firm designated by the Securities and Futures Commission established pursuant to Article 19 of the Act on the Establishment, etc. of Financial Services Commission upon request by the corporation subject to transfer.

(17) "Related persons prescribed by Presidential Decree" in the proviso to Article 121 - 27 (5) of the Act, means the persons who have the relationship specified in any subparagraph of Article 2 - 2 (1) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act with the stockholder, etc. who has assumed and paid debts.

(18) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit the business restructuring plan and a report on performance of the business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, subject to confirmation of the person authorized to approval business restructuring plans, by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which the domestic corporation ' s business restructuring plan is approved;
2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for the following relevant business year:
 - (a) The business year in which debts are assumed and paid;
 - (b) The business year in which stocks, etc. are transferred under Article 121 - 27 (1) of the Act (limited to where the business year is different from the business

year referred to in item (a));

(c) Three business years following the business year in which stocks, etc. are transferred under Article 121 - 27 (1) of the Act.

(19) A stockholder, etc. who wishes to be eligible under Article 121 - 27 (1) of the Act, shall submit a plan for transfer/acquisition of a corporation, a statement of debts assumed and paid, and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the stockholder, etc. assumes and pays debts.

(20) A domestic corporation that wishes to be eligible under Article 121 - 27 (2) of the Act, shall submit a plan for transfer/acquisition of a corporation, a statement of debts assumed and paid, and a statement of adjustment for inclusion in gross income in installments, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which its debts are assumed and paid.

[\[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016\]](#)

Article 116 - 32 (Special Taxation for Corporate Tax, etc. following Transfer of Assets of Stockholders, etc.)

(1) The conveyance of an asset as a gift under Article 121 - 28 (1) of the Act, shall be limited to an asset donated solely or jointly by a stockholder or an investor referred to in Article 121 - 28 (1) of the Act (hereafter in this Article, referred to as "stockholder, etc.") at once under a single agreement.

(2) "Amount that exceeds the deficit prescribed by Presidential Decree" in Article 121 - 28 (1) of the Act, means the amount (hereafter in this Article, referred to as "gains from donated assets") calculated by subtracting the losses provided for in Article 18 (1) of the Enforcement Decree of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses") from the value of assets conveyed as a gift under Article 121 - 28 (1) of the Act. If the relevant domestic corporation covers carried - forward losses first with the value of assets it has acquired without consideration and with the reduced amount of debts due to debt relief or acquittance (excluding the value of assets conveyed as a gift under Article 121 - 28 (1) of the Act) in such cases, the cover amount shall be subtracted from the carried - forward

losses.

(3) "Business restructuring plan prescribed by Presidential Decree" in Article 121 - 28 (1) 1 of the Act, means a plan (hereafter in this Article, referred to as "business restructuring plan") that includes the following matters and the matters provided for in under Article 9 (2) of the Special Act on the Corporate Revitalization and is approved by the head of the competent authority under Article 10 of said Act (hereafter in this Article, referred to as "person authorized to approve business restructuring plans"):

1. A plan for the transfer or donation of assets by stockholders, etc.;
2. The total amount and details of debts to be paid through the transfer or donation of assets under subparagraph 1;
3. A plan for repayment of debts referred to in subparagraph 2.

(4) "Deadline prescribed by Presidential Decree" in Article 121 - 28 (1) 2 of the Act, means the following relevant deadline:

1. Where the cause provided for in paragraph (7) arise and the date such cause terminates comes three months later than the date a corporation receives money or transfers an asset (hereafter in this Article, referred to as "date an asset is transferred"), the date following the date such cause terminates;
2. In any case other than subparagraph 1, the date three months lapse from the date a corporation receives money or transfers an asset.

(5) "Date prescribed by Presidential Decree" in Article 121 - 28 (1) 2 of the Act, means the date a corporation receives an installment (the down payment shall be deemed included in the first installment)

(6) "Financial institution prescribed by Presidential Decree" in Article 121 - 28 (1) 2 of the Act, means any financial institution referred to in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in this Article, referred to as "creditor financial institution").

(7) "Inevitable cause prescribed by Presidential Decree" in Article 121 - 28 (1) 2 of the Act, means where it is impossible to repay a debt due to a situation in which a creditor financial institution is unable to receive the repayment of the debt.

(8) The debts paid under Article 121 - 28 (1) 2 of the Act, shall be limited those specified in the business restructuring plan that contains the details of the debts and a repayment plan through donation of assets by stockholders, etc. and mean the

amounts referred to in the subparagraphs of Article 116 - 30 (8) (hereafter in this Article, referred to as "debts to financial institutions"). <Amended by Presidential Decree No. 27649, Dec. 1, 2016>

(9) "Amount prescribed by Presidential Decree" in Article 121 - 28 (2) of the Act, means the book value of assets donated by stockholders, etc. (hereafter in this Article, referred to as "amount of donated assets").

(10) For the purposes of Article 121 - 28 (1) and (2) of the Act, Article 162 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the time when an asset is transferred: Provided, That the date provided for in paragraph (5) shall apply to a transfer under long - term installment terms.

(11) "Amount equivalent to the donated amount prescribed by Presidential Decree" in Article 121 - 28 (3) of the Act, means the amount calculated by the following formula (hereafter in this Article, referred to as "amount equivalent to capital gains"):

Capital gains on transfer of an asset under Article 121 - 28 (3) of the Act × [Amount donated under Article 121 - 28 (1) of the Act, out of the transfer value of the asset ÷ (Transfer value of the asset - Amount of special rural development tax paid by the relevant corporation under the Act on Special Rural Development Tax for the capital gains on transfer of the asset under Article 121 - 28 (3) of the Act)]

(12) Where an amount that the corporation that accepted an asset donated under the former part of Article 121 - 28 (4) of the Act has not included in its gross income, shall be included in its gross income, the amount calculated by either of the following formulas shall be included in its gross income:

1. In cases falling under Article 121 - 28 (4) 1 of the Act: The amount calculated by the following formula: Gains from the donated asset × [Value of the asset donated under Article 121 - 28 (1) of the Act (referring to the transfer value in cases of any asset other than money; hereafter in this Article, referred to as "value of the transferred asset") - Amount used to repay debts, out of the value of the transferred asset] ÷ Value of the transferred asset
2. In cases falling under Article 121 - 28 (4) 2 of the Act: The amount calculated by the following formula: Gains from the donated asset × Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

3. In cases falling under Article 121 - 28 (4) 3 or 4 of the Act:

The full amount not included in gross income, out of gains from the donated asset

(13) The amount of tax that shall be paid in addition to the corporate tax under the latter part of Article 121 - 28 (4) of the Act, out of the tax reduction or exemption granted to a stockholder, etc. under Article 121 - 28 (2) of the Act, shall be calculated by the following formulas:

1. In cases falling under Article 121 - 28 (4) 1 of the Act: Difference in corporate tax, incurred by including the amount calculated by the following formula in deductible expenses for the business year in which the stockholder, etc. has included the amount of donated assets in deductible expenses: $\text{Amount of the donated asset} \times (\text{Value of the transferred asset} - \text{Amount used to repay debts, out of the value of the transferred asset}) \div \text{Value of the transferred asset}$

2. In cases falling under Article 121 - 28 (4) 2 of the Act: The amount calculated by the following formula:

Difference in corporate tax, incurred by including the amount of the donated asset in deductible expenses for the business year in which the amount of the donated asset is included in deductible expenses \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

3. In cases falling under Article 121 - 28 (4) 3 or 4 of the Act:

Difference in corporate tax, incurred by including the amount of the donated asset in deductible expenses for the business year in which the amount of the donated asset is included in deductible expenses

(14) The amount of tax that shall be paid in addition to the corporate tax under the latter part of Article 121 - 28 (4) of the Act, out of the tax reduction or exemption granted to a stockholders, etc. under Article 121 - 28 (3) of the Act, shall be calculated by the following formulas:

1. Where the stockholder, etc. is a resident: The amount calculated by the following formulas:

(a) In cases falling under Article 121 - 28 (4) 1 of the Act: Difference in capital gains tax incurred by including the amount calculated by the following formula for the taxable period, for which capital gains tax on the equivalent to capital gains was not paid, in the calculation of the equivalent to capital gains:

Equivalent to capital gains \times (Value of the transferred asset - Amount used to repay debts out of the value of the transferred asset) \div Value of the transferred asset

(b) In cases falling under Article 121 - 28 (4) 2 of the Act: The amount calculated by the following formula:

Unpaid capital gains tax on the equivalent to capital gains \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

(c) In cases falling under Article 121 - 28 (4) 3 or 4 of the Act:

The full amount of unpaid capital gains tax on the equivalent to capital gains;

2. Where the stockholder, etc. is a domestic corporation: The amount calculated by the following formulas:

(a) In cases falling under Article 121 - 28 (4) 1 of the Act: The difference in corporate tax incurred by excluding the amount calculated by the following formula from gross income for the business year in which the equivalent to capital gains is not included in gross income:

Equivalent to capital gains \times (Value of the transferred asset - Amount used to repay debts out of the value of the transferred asset) \div Value of the transferred asset

(b) In cases falling under Article 121 - 28 (4) 2 of the Act: The amount calculated by the following formula:

Difference in corporate tax incurred by excluding the equivalent to capital gains from gross income for the business year in which the equivalent to capital gains was not included in gross income \times Debt ratio less standard debt ratio to standard debt ratio (if the ratio exceeds one, it shall be deemed one)

(c) In cases falling under Article 121 - 28 (4) 3 or 4 of the Act:

Difference in corporate tax incurred by excluding the equivalent to capital gains from gross income for the business year in which the equivalent to capital gains was not included in gross income

(15) The additional amount equivalent to interest, which shall be paid in addition to corporate tax under the latter part of Article 121 - 28 (4) of the Act, shall be the aggregate of the following:

1. The amount calculated by multiplying the difference in corporate tax incurred by excluding the amount calculated under paragraph (12) from gross income for the

business year in which a corporation receives an asset donated under Article 121 - 28 (1) of the Act (hereafter in this Article, referred to as "date the asset is donated") by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which the asset is donated, until the end of the business year in which the amount calculated under paragraph (12) is included in gross income;

(b) 3/10,000 per day;

2. The amount of tax calculated under paragraph (13) or (14), multiplied by the period of item (a) and the ratio of item (b):

(a) The period from the day following the end of the business year in which the amount of tax calculated under paragraph (13) or (14) was not paid, until the end of the business year in which the amount of tax under paragraph (13) or (14) is paid;

(b) 3/10,000 per day.

(16) For the purposes of Article 121 - 28 (4) 2 of the Act, the three - year period shall be counted, deeming that the period from the date debts are repaid (hereafter in this Article, referred to as "date debts are repaid"), until the end of the relevant business year, is one year, if debts are paid during the business year.

(17) Article 116 - 30 (13) and (14) shall apply mutatis mutandis to calculating the debt ratio and the standard debt ratio referred to in Article 121 - 28 (4) 2 of the Act. In such cases, "amount of debts repaid" shall be construed as "amount used to repay debts out of the value of the transferred asset." <Amended by Presidential Decree No. 27649, Dec. 1, 2016>

(18) "Corporation prescribed by Presidential Decree, such as a merging corporation" in the main sentence of Article 121 - 28 (4) 3 of the Act, means a corporation that succeeds to the relevant business in the manner prescribed in subparagraph 2 (a) of Article 2 of the Special Act on the Corporate Revitalization through a merger, division, or such in accordance with a business restructuring plan.

(19) "Unavoidable causes prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 121 - 28 (4) 3 of the Act, means the following cases:

1. Where bankruptcy is declared;

2. Where a business is discontinued due to a natural disaster or any other similar event.

(20) "Causes prescribed by Presidential Decree" in Article 121 - 28 (4) 4 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(21) For the purposes of paragraph (12) (excluding paragraph (12) 3; hereafter in this paragraph, the same shall apply) and paragraph (15) 1, if an amount not included partially or fully in gross income in accordance with Article 121 - 28 (1) of the Act, is included later in gross income (hereafter in this Article, referred to as "amount already included in gross income") before including the amount calculated under paragraph (12) in gross income, the amount already included in gross income in the order of inclusion in gross income shall be deemed the amount included in gross income under paragraph (12). The additional amount equivalent to interest referred to in paragraph (15) 1 shall be calculated based on the period until the business year in which the amount already included in gross income is included in gross income.

(22) "Related persons prescribed by Presidential Decree" in the proviso to Article 121 - 28 (5) of the Act, means the persons who have the relationship specified in any subparagraph of Article 2 - 2 (1) of the Enforcement Decree of the Inheritance Tax and Gift Tax Act with a stockholder, etc. that has conveyed an asset as a gift.

(23) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit the business restructuring plan and a report on performance of the business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, subject to confirmation of the person authorized to approval business restructuring plans, by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which the domestic corporation ' s business restructuring plan is approved;
2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for the following relevant business year:
 - (a) The business year in which the asset is donated;
 - (b) The business year in which debts are repaid (limited to where the date the asset is donated and the date debts are repaid, fall in different business years);

(c) Three business years following the business year in which debts are repaid.

(24) A domestic corporation that wishes to be eligible under Article 121 - 28 (1) of the Act, shall submit a statement of an asset received as a gift, a statement of debts paid (or payable), and a statement of adjustment for inclusion in gross income in installments, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which the asset is donated: Provided, That it shall also submit a statement of debts paid when it files its tax return for the business year in which debts are repaid, if the date the asset is donated and the date debts are repaid, fall in different business years.

(25) A stockholder, etc. who wishes to be eligible under Article 121 - 28 (2) of the Act, shall submit an agreement on the donation of an asset, a statement of debts paid (or payable), and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the asset is donated.

(26) A stockholder, etc. who wishes to be eligible under Article 121 - 28 (3) of the Act, shall submit an agreement on the sale and purchase of an asset, an agreement on donation, and a statement of debts paid (payable), and an application for tax reduction or exemption, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with his/her tax return for the business year in which the asset is donated under the same paragraph.

[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016]

Article 116 - 33 (Special Taxation for Gains from Debt Relief of Corporations

Implementing Business Restructuring Plans)(1) "Business restructuring plan prescribed by Presidential Decree" in Article 121 - 29 (1) of the Act, means a plan (hereafter in this Article, referred to as "business restructuring plan") that contains the matters provided for in the subparagraphs of Article 9 (2) of the Special Act on the Corporate Revitalization and the details of debt relief and is approved by the head of the competent authority under Article 10 of said Act (hereafter in this Article, referred to as "person authorized to approve business restructuring plans").

(2) "Amount that exceeds the deficit prescribed by Presidential Decree" in Article 121 - 29 (1) of the Act, means the amount (hereafter in this Article, referred to as "reduced amount of debts") calculated by subtracting losses provided for in Article 18 (1) of the Enforcement Decree of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses") from the amount of debts from which financial institutions relieves a corporation under Article 121 - 29 (1) of the Act. If the corporation covers carried - forward losses first with the value of an asset it has received without consideration and with the reduced amount of debts due to debt relief or acquittance (excluding the equivalent to debts from which financial institutions relieves the corporation under Article 121 - 29 (1) of the Act) in such cases, the covered amount shall be subtracted from the carried - forward losses.

(3) The additional amount equivalent to interest, which shall be paid in addition to corporate tax in accordance with the latter part of Article 121 - 29 (2) of the Act, means the amount calculated by multiplying the difference in corporate tax incurred by excluding the amount that shall be included in gross income under Article 121 - 29 (2) of the Act from gross income for the business year in which the corporation is relieved from debts by the period of subparagraph 1 and the ratio of subparagraph 2:

1. The period from the day following the end of the business year in which the corporation is relieved from debts, until the end of the business year in which the amount that shall be included in gross income under Article 121 - 29 (2) of the Act in gross income is included in gross income;

2. 3/10,000 per day.

(4) "Corporation prescribed by Presidential Decree, such as the merging corporation" in the main sentence of Article 121 - 29 (2) 1 of the Act, means a corporation that succeeds to the relevant business in the manner prescribed in subparagraph 2 (a) of Article 2 of the Special Act on the Corporate Revitalization through a merger, division, or such in accordance with a business restructuring plan.

(5) "Extenuating circumstances prescribed by Presidential Decree, such as bankruptcy" in the proviso to Article 121 - 29 (2) 1 of the Act, means the following cases:

1. Where bankruptcy is declared;
2. Where a business is discontinued due to a natural disaster or any other similar event.

(6) "Grounds prescribed by Presidential Decree" in Article 121 - 29 (2) 2 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(7) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit the business restructuring plan and a report on performance of the business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, subject to confirmation of the person authorized to approval business restructuring plans, by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which the domestic corporation ' s business restructuring plan is approved;
2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for the business year in which the corporation is relieved from debts.

(8) A domestic corporation and a financial institution that wish to be eligible under Article 121 - 29 (1) or (3) of the Act, shall submit a statement of relieved debts prepared for each corporation relieved from debts, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, respectively, to the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which the corporation is relieved from debts. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016]

Article 116 - 34 (Special Taxation for Exchange of Stocks, etc. between Enterprises)(1)

“ Controlling stockholder or investor of a domestic corporation or a related person to such stockholder or investor ” in Article 121 - 30 (1) of the Act, means:

1. The controlling stockholder, etc. provided for in Article 43 (7) of the Enforcement Decree of the Corporate Tax Act;
2. Related parties provided for in Article 43 (8) of the Enforcement Decree of the Corporate Tax Act.

(2) "Business restructuring plan prescribed by Presidential Decree" in Article 121 - 30 (1) of the Act, means a plan approved (hereafter in this Article, referred to as "business restructuring plan") by the head of the competent authority under Article 10 of the Special Act on the Corporate Revitalization (hereafter in this Article, referred to as "person authorized to approve the business restructuring plan"), which includes a plan for transfer and acquisition of stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") held by the persons referred to in Article 121 - 30 (1) of the Act and paragraph (1) of this Article (hereafter in this Article, referred to as "controlling stockholder, etc.") and the matters provided for in Article 9 (2) of the same Act.

(3) "Related persons prescribed by Presidential Decree" in Article 121 - 30 (1) of the Act, means the persons (excluding other affiliated companies that belong to the same enterprise group (referring to an enterprise group defined in subparagraph 2 of Article 2 of the Monopoly Regulation and Fair Trade Act) who have any of the relationships provided for in Article 87 (1) 1 through 6 of the Enforcement Decree of the Corporate Tax Act with the corporation subject to exchange defined in Article 121 - 30 (1) of the Act (hereafter in this Article, referred to as "exchanged corporation"). <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(4) In the transfer and acquisition of stocks, etc. under Article 121 - 30 (1) of the Act, stocks, etc. of the transferred corporation for exchange defined in the same paragraph (hereafter in this Article, referred to as "transferred corporation for exchange"), shall be distributed in proportion to the holding ratio of stocks, etc. of the relevant corporation among the controlling stockholder, etc. who transfers stocks, etc. of the transferred corporation for exchange.

(5) Pursuant to Article 121 - 30 (1) of the Act, a controller stockholder, etc. may be allowed to defer capital gains tax or corporate tax as follows:

1. If the controlling stockholder, etc. is a resident, it may pay capital gains tax, deeming that the amount calculated by the following formula is the acquisition value, when it disposes of stocks, etc. of the transferred corporation for exchange, which it has acquired without paying capital gains tax at the time of transferring stocks, etc. under Article 121 - 30 (1) of the Act:

Acquisition value of the transferred stocks, etc. out of the stocks, etc. of the transferred corporation for exchange, which it has acquired under Article 121 - 30

(1) of the Act - [Gains accrued from transfer of stocks, etc. under Article 121 - 30 (1) of the Act (referring to the income provided for in Article 94 (1) 3 of the Income Tax Act; hereafter in this Article, referred to as "tax - deferred income") × (Number of transferred stocks, etc. of the transferred corporation for exchange ÷ Number of acquired stocks, etc. of the transferred corporation for exchange)]

2. If the controlling stockholder, etc. is a domestic corporation, it may be allowed to defer capital gains tax or corporate tax as follows:

(a) Capital gains accruing from transfer of stocks, etc. under Article 121 - 30 (1) of the Act shall be the market price at the time of transfer of the stocks, etc. (referring to the market price provided for in Article 52 (2) of the Corporate Tax Act) minus the book value as at the date preceding the date of transfer (the capital gains shall not exceed the value of acquired stocks, etc. of the transferred corporation for exchange; hereafter in this Article, referred to as "tax - deferred amount"); and such capital gains shall be recognized as the advanced depreciation provision for the acquired stocks, etc. of the transferred corporation for exchange;

(b) The advanced depreciation provision recognized under item (a) shall be included in gross income for the business year in which the acquired stocks, etc. of the transferred corporation for exchange are transferred, inherited, or donated (if stocks, etc. have been acquired in any manner other than the acquisition as provided for in Article 121 - 30 (1) of the Act, the stocks, etc. acquired under the same paragraph shall be deemed first transferred, inherited, or donated; hereafter in this Article, referred to as "disposal"). Where stocks, etc. are disposed of partially, the amount calculated by the following formula shall be included in gross income:

The advanced depreciation provision recognized under item (a) × (Number of disposed stocks, etc. out of the acquired stocks, etc. of the transferred corporation for exchange ÷ Number of the acquired stocks, etc. of the transferred corporation for exchange)

(6) The shortfall in assets referred to in Article 121 - 30 (2) of the Act, shall be limited to the shortfall as at the date of transfer/acquisition of stocks, etc., which is corrected and recorded in the account, upon confirmation by the accounting firm designated by the Securities and Futures Commission established pursuant to Article

19 of the Act on the Establishment, etc. of Financial Services Commission upon request by the exchanged corporation, where an agreement on the stock exchange between the exchanged corporation and the transferred corporation for exchange contains provisions concerning asset due diligence.

(7) The additional amount equivalent to interest, which shall be paid in addition to corporate tax under the latter part of Article 121 - 30 (3) of the Act, shall be calculated as follows:

1. If the controlling stockholder, etc. is a resident: The amount of capital gains tax not paid at the time of transferring stocks, etc. under Article 121 - 30 (1) of the Act, multiplied by the period of item (a) and the rate of item (b):

(a) The period from the day following the end of the taxable period for which capital gains tax on tax - deferred income was not paid at the time of transferring stocks, etc. under Article 121 - 30 (1) of the Act, until the end of the taxable period for which capital gains tax on the tax - deferred income is paid upon the occurrence of any of the grounds specified under Article 121 - 30 (3) of the Act;

(b) 3/10,000 per day;

2. If the controlling stockholder, etc. is a domestic corporation: The amount calculated by multiplying the difference in corporate tax incurred by excluding the tax - deferred amount from gross income for the business year in which the tax - deferred amount was not included in gross income, by the period of item (a) and the rate of item (b):

(a) The period from the day following the end of the business year in which the tax - deferred amount was not included in gross income, until the end of the business year in which the tax - deferred amount is included in gross income upon the occurrence of any of the grounds specified under Article 121 - 30 (3) of the Act;

(b) 3/10.000 per day.

(8) The types of business referred to in Article 121 - 30 (3) 1 of the Act, shall be classified into the sectors under the Korean Standard Industrial Classification.

(9) "Causes prescribed by Presidential Decree" in Article 121 - 30 (3) 3 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(10) The amount eligible for tax deferral under Article 121 - 30 (4) of the Act, shall be the tax - deferred amount at the time of an investment in kind or a spin - off, which shall not exceed the equivalent to the value of acquired stocks, etc. of the transferred corporation for exchange under Article 121 - 30 (1) of the Act; and such amount shall be recognized as the advanced depreciation provision for the stocks, etc. of the transferred corporation for exchange and shall be included in gross income by applying mutatis mutandis paragraph (5) 2 (b).

(11) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit its business restructuring plan and a report on performance of its business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, confirmed by the person authorized to approval the business restructuring plan, to the head of the tax office having jurisdiction over the place of tax payment, by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which the domestic corporation obtains approval of its business restructuring plan;
2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for the following relevant business year:
 - (a) The business year in which the date of transfer/acquisition of stocks, etc. under Article 121 - 30 (1) of the Act falls;
 - (b) Three business years following the business year in which the date of transfer/acquisition of stocks, etc. under Article 121 - 30 (1) of the Act falls.

(12) A controlling stockholder, etc. who wishes to be eligible under Article 121 - 30 (1), (2), and (4) of the Act, shall file an agreement on the exchange of enterprises and a statement of the transfer/acquisition of stocks, etc. and an application for tax deferral in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, with the head of the tax office having jurisdiction over the place of tax payment, along with its tax return for the business year in which the date of transfer/acquisition of stocks, etc. under the same paragraph falls.

[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016]

Article 116 - 35 (Special Taxation for Transfer of Redundant Assets following Merger)

(1) "Business restructuring plan prescribed by Presidential Decree" in the former

part of Article 121 - 31 (1) of the Act, means a plan (hereafter in this Article, referred to as "business restructuring plan") that contains the matters provided for in the subparagraphs of Article 9 (2) of the Special Act on the Corporate Revitalization and a merger plan of the corporations subject to the merger referred to in paragraph (2) of this Article, and is approved by the head of the competent authority under Article 10 of said Act (hereafter in this Article, referred to as "person authorized to approve business restructuring plans").

(2) The scope of redundant assets referred to in the former part of Article 121 - 31 (1) of the Act, shall be limited to tangible fixed assets used directly for the business of the corporations subject to the merger (including the division and merger) for the same or similar purpose of use.

(3) For the purposes of Articles 80 - 2 (6) and 80 - 4 (8) of the Enforcement Decree of the Corporate Tax Act, the redundant assets provided for in paragraph (2) shall be excluded from fixed assets succeeded to from the merged corporation. <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

(4) The amount excluded from gross income under the former part of Article 121 - 31 (1) of the Act, shall be the aggregate of the amounts of subparagraphs 1 and 2: <Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. The amount calculated by subtracting the aggregate of the book value and the losses referred to in subparagraph 1 of Article 13 of the Corporate Tax Act (hereafter in this Article, referred to as "carried - forward losses ") as at the end of the business year immediately preceding the business year in which redundant assets are transferred, from the transfer value of the redundant assets. If the value of assets that the domestic corporation receives without consideration or a reduced amount of debts due to debt relief or acquittance first covers carried - forward losses in such cases, the amount shall be calculated by subtracting the cover amount from carried - forward losses;

2. In cases of redundant assets succeeded to from the merged corporation, the equivalent to gains on the valuation of the relevant assets upon the merger and the equivalent to gains on the valuation upon the division;

3. Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017 >

(5) Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017 >

(6) Where gains on the transfer are excluded from gross income under the former part of Article 121 - 31 (1) of the Act, the amount that shall be included in gross income under the former part of Article 121 - 31 (2) of the Act, means the full amount excluded from gross income: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. and 2. Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017>

(7) The additional amount equivalent to the interest, which shall be paid in addition to corporate tax pursuant to the latter part of Article 121 - 31 (2) of the Act, shall be the difference incurred in corporate tax by excluding the amount provided for in paragraph (6) from gross income for the business year in which gains on the transfer were excluded from gross income, multiplied by the period of subparagraph 1 and the ratio of subparagraph 2: <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

1. The period from the day following the end of the business year in which gains on the transfer were excluded from gross income, until the end of the business year in which the amount provided for in paragraph (6) is included in gross income;

2. 3/10,000 per day.

(8) "Grounds prescribed by Presidential Decree" in Article 121 - 31 (2) 3 of the Act, means where the approval of a business restructuring plan is revoked under Article 13 (1) of the Special Act on the Corporate Revitalization.

(9) A domestic corporation whose business restructuring plan is approved (hereafter in this Article, referred to as "domestic corporation with an approved business restructuring plan"), shall submit the business restructuring plan and a report on performance of the business restructuring plan, in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, subject to confirmation of the person authorized to approve business restructuring plans, by the following relevant deadline:

1. The business restructuring plan: By the end of the business year in which its business restructuring plan is approved;

2. The report on performance of the business restructuring plan: By the deadline for filing the tax return for the following relevant business year:

(a) The business year in which the merger is registered;

(b) Three business years following the business year in which the merger is registered.

(10) A domestic corporation that wishes to be eligible under Article 121 - 31 (1) of the Act, shall submit a statement of gains on the transfer and adjustment for inclusion in gross income in installments, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when filing its tax return for the business year in which redundant assets are transferred. <Amended by Presidential Decree No. 27848, Feb. 7, 2017>

[This Article Newly Inserted by Presidential Decree No. 27127, May 10, 2016]

CHAPTER VI OTHER SPECIAL TAXATION

SECTION 1 Special Taxation for Legalization of Tax Base

Article 117 Deleted. <by Presidential Decree No. 22583, Dec. 30, 2010>

Article 117 - 2 Deleted. <by Presidential Decree No. 20620, Feb. 22, 2008>

Article 117 - 3 (Deduction of Medical Expenses, etc. for Compliant Business Operators)

(1) Deleted. <by Presidential Decree No. 23590, Feb. 2, 2012>

(2) Deleted. <by Presidential Decree No. 22037, Feb. 18, 2010>

(3) "Cause prescribed by Presidential Decree, including relocation of the place of business, and change of the business type" in the proviso to Article 122 - 3 (1) 2 of the Act means: <Amended by Presidential Decree No. 24887, Nov. 29, 2013>

1. Where the scale of place of business increases by at least 50/100 (30/100 in the case of relocation of the place of business) compared to the immediately preceding taxable year;

2. Where the business type is changed to another business type classified into another large classification according to the Korean Standard Industrial Classification or a business type belonging to another large classification is added.

(4) "Requirements prescribed by Presidential Decree" in Article 122 - 3 (1) 4 of the Act means all of the requirements that: <Amended by Presidential Decree No. 24887, Nov. 29, 2013>

1. The business operator has never defaulted on national taxes as of the end of a statutory deadline for tax return and payment in the relevant taxable period;
2. The business operator has never been punished for evading taxes for the last three years as of a statutory deadline for tax return and payment in the relevant taxable period;
3. None of the following shall apply to a business operator registered under the Value - Added Tax Act and the Income Tax Act for the last three years as of the expiration of a statutory deadline for tax return and payment in the relevant taxable period:
 - (a) Where he/she fails to issue a tax invoice or has issued a false tax invoice;
 - (b) Where he/she has submitted a false aggregate tax invoice by place of sales;
 - (c) Where he/she fails to receive a tax invoice, has received a false tax invoice, or has submitted a false aggregate tax invoice by place of purchase;
 - (d) Where he/she has issued or received a tax invoice or invoice without supplying goods and services;
 - (e) Where he/she has submitted a false aggregate tax invoice by place of sales and purchase without supplying goods and services, or has submitted a false tax invoice by place of sales and purchase;
4. The underreported income amount found by a tax investigation for three immediately preceding taxable periods as of the start of the relevant taxable period shall not exceed 10/100 of the corrected income amount of the relevant taxable period.
- (5) Other matters necessary for the deduction of medical expenses, etc. for compliant business operators shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

[This Article Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008]

Article 117 - 4 (Tax Credits for Increased Revenue, etc. of Business Operators of Copper Scrap, etc.)(1) Article 122 - 4 (1) 1 of the Act shall apply only to persons who have operated the relevant business for at least one year retrospectively from the end of the taxable year immediately preceding the taxable year in which the relevant business operator intends to be granted a tax credit.

(2) For the purposes of Article 122 - 4 (1) 1 of the Act, if the number of the months eligible for the special taxation for tax payment by a purchaser for the immediately preceding taxable year falls short of the taxable year of the relevant business operator, the aggregate of gross income and deductible expenses paid by the purchaser during the immediately preceding taxable year, shall be calculated by multiplying the aggregate of gross income and deductible expenses paid by the purchaser during the immediately preceding taxable year, by the number of months of the business operator's taxable year and then by dividing the aggregate by the number of months eligible for special taxation for tax payment. In such cases, the number of months shall be counted based on calendar months, but the number of days less than one month shall be deemed one month. <Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016 >

(3) Where the amount of tax credits is decreased as the aggregate of gross income and deductible expenses paid by a purchaser under Article 122 - 4 (1) of the Act is changed, or the tax base and amount of tax for the relevant taxable year is corrected, the amount of tax credits from income tax or corporate tax shall be recalculated pursuant to the same paragraph.

(4) A person who intends to be granted a tax credit under Article 122 - 4 (1) of the Act, shall file an application for tax credit for increased revenue, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance, and a statement on the amount of gross income and deductible expenses paid by a purchaser, with the head of the tax office having jurisdiction over the place of tax payment, along with his/her final return of global income tax base or corporate tax return.

[This Article Newly Inserted by Presidential Decree No. 24887, Nov. 29, 2013]

Article 118 Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002 >

Article 119 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 120 Deleted. <by Presidential Decree No. 17829, Dec. 30, 2002 >

Article 121 Deleted. <by Presidential Decree No. 17034, Dec. 29, 2000 >

Article 121 - 2 (Income Deduction for Amount Spent on Credit Cards, etc.)(1) "Those, the identity of holder of which is verifiable, as prescribed by Presidential Decree" in

Article 126 - 2 (1) 4 of the Act, means any of the following: <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010 >

1. A prepaid card, electronic money, or prepaid electronic means of payment issued, upon application, with its holder's name verifiable;
2. An unnamed prepaid card, unnamed prepaid electronic means of payment, or unnamed electronic money (hereafter in this paragraph, referred to as "unnamed prepaid card, etc."), in which case its actual user has passed the user certification by registering the user ' s resident registration number and the number of the unnamed prepaid card, etc. with the credit card company that issued the unnamed prepaid card, etc., electronic financial transaction operator, or financial institution before using them.

(2) "Corporation or business operator prescribed by Presidential Decree" in Article 126 - 2 (2) 1 of the Act, means the following:<Amended by Presidential Decree No. 27848, Feb. 7, 2017 >

1. A quasi - superstore defined in subparagraph 4 of Article 2 of the Distribution Industry Development Act;
2. A per - business unit taxable entrepreneur referred to in Article 8 (3) of the Value - Added Tax Act, in whose case the amount spent on credit cards provided for in paragraph (5) at a place of business inside the zone of a traditional market and a place of business outside the zone of a traditional market is not separable.

(3) "Person prescribed by Presidential Decree" in Article 126 - 2 (3) of the Act, means any of the following persons. In such cases, the lineal ascendants and descendants who make a living together with a resident specified in subparagraph 2 shall be the cohabiting family members listed on the resident ' s resident registration card, and who actually make a living together at the address or residence of such resident (this shall not apply to the lineal descendents, but those falling under Article 53 (2) and (3) of the Income Tax Act shall be deemed to make a living together); and a determination as to whether a person makes a living together shall be made, based on the circumstances as at the end of the taxable period of the relevant year (or the date immediately preceding the date of death, if a person dies before the end of the taxable period):<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree

No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 26959, Feb. 5, 2016>

1. A resident's spouse, whose total annual income does not exceed one million won (including a spouse who has only earned income of not exceeding five million won per year);
2. Lineal ascendants and descendants who make a living together with a resident (including the spouse's lineal ascendants and adoptees living together as prescribed in Article 106 (7) of the Enforcement Decree of the Income Tax Act, but excluding persons granted basic deductions for another resident (hereafter in this subparagraph, referred to as "lineal ascendants and descendants")) and whose total annual income does not exceed one million won (including lineal ascendants and descendants who have only earned income of not exceeding five million won per year).

(4) "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" in Article 126 - 2 (4) 2 of the Act, means any of the following:<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 22037, Feb. 18, 2010>

1. Pretending to engage in a trade without any transaction of goods or services, or engaging in a trade by credit cards, debit cards, electronic direct debit payments, registered prepaid cards, registered electronic prepaid instruments, registered electronic cash, or cash receipts (hereafter in this Article, referred to as "credit card, etc.") in excess of the actual sales amount;
2. Engaging in a trade with credit cards, etc. by a person paying the price with the credit cards, etc. while knowing that the trade is conducted in the name of a different credit card merchant, etc. In such cases, when he/she has received a sales slip, etc. stating a trade name different from the actual one, he/she shall be deemed to have engaged in a trade with the knowledge of the relevant fact.

(5) "Grounds prescribed by Presidential Decree" in Article 126 - 2 (5) of the Act, means where the withholding agent is unable to verify that the amount of income deduction for the amount spent on credit cards, etc. referred to in Article 126 - 2 (1) of the Act as indicated on a report on deduction of employment income and on an

application for income deduction for credit cards under paragraph (8) (hereafter in this Article, referred to as "amount spent on credit cards, etc.") contains the amount referred to in the subparagraphs of paragraph (6) or the subparagraphs of Article 126 - 2 (4) of the Act, by the time he/she make a year - end settlement of earned income tax.<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

(6) For the purposes of 126 - 2 of the Act, the amount spent on credit cards, etc. shall be the total amount spent on credit cards, etc. for the period prescribed by the Commissioner of the National Tax Service, but none of the following amounts shall be included therein:<Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22583, Dec. 30, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 27848, Feb. 7, 2017>

1. Insurance premiums payable under the National Health Insurance Act, the Act on Long - Term Care Insurance for Older Persons, or the Employment Insurance Act, pension insurance premiums payable under the National Pension Act, insurance premiums or mutual - aid installments payable under insurance contracts referred to in Article 25 (2) of the Enforcement Decree of the Income Tax Act;
2. Tuitions, admission fees, nursery fees, and other public imposts payable to schools under the Early Childhood Education Act, the Elementary and Secondary Education Act, the Higher Education Act, or special Acts (including graduate schools), and to nursery institutions under the Infant Care Act;
3. National or local taxes payable to the State and local governments, and fees for electric power, water, gas, and telephone (including information service charges, Internet service fees, etc.), apartment management fees, and television viewing fees (including fees for composite cable broadcasting service under the Composite Cable Broadcasting Act), and tolls;
4. Costs for purchasing the securities, such as merchandise coupons;
5. Lease fees (including the automobile rental fees of the automobile rental business under the Passenger Transport Service Act);

6. Deleted; <by Presidential Decree No. 21196, Dec. 31, 2008 >

7. Costs for purchasing any assets (excluding used motor vehicles under paragraph (13)) on which the acquisition tax or registration and license tax on registration is imposed under the Local Tax Act;

8. Payments, such as user fees or service charges, made to the State, local government, or associations of local governments (excluding medical institutions under the Medical Service Act and public health clinics under the Regional Public Health Act) that conducts the business affairs, other than the business activities referred to in subparagraphs 1 and 3 of Article 46 of the Enforcement Decree of the Value - Added Tax Act;

9. Payments related to financial or insurance services, such as the amount of redemption of interest on loans, fees for security transactions, etc., service charges, guarantee fees, and other similar amounts;

10. Political funds (limited to those eligible for tax credits under Article 76 of the Act) donated by payment with credit cards, debit cards, registered prepaid cards, electronic direct debit payments, registered electronic prepaid instruments, or registered electronic cash to a political party (including supporters' association and all levels of Election Commissions) as provided for in the Political Funds Act;

11. Monthly rents eligible for tax credits under Article 95 - 2 of the Act;

12. Others prescribed by Ordinance of the Ministry of Strategy and Finance, similar to subparagraphs 1 through 11.

(7) Upon receipt of a request made by members of credit cards, debit cards, registered prepaid cards, electronic direct debit payments, registered electronic prepaid instruments, or registered electronic cash under the Electronic Financial Transactions Act (hereafter in this paragraph, referred to as "members of credit cards, etc.") to issue a confirmation note indicating the total sum spent on credit cards, etc. and the amount subject to income deduction (hereafter in this Article, referred to as "confirmation note of amounts spent on credit cards, etc."), credit card companies (including debit card companies and registered prepaid card companies) under the Specialized Credit Finance Business Act, and financial institutions and electronic financial entrepreneurs under the Electronic Financial Transactions Act (hereafter in this Article, referred to as "credit card company, etc."), shall issue it without delay: Provided, That the credit card companies may issue it and notify

thereof for the convenience of the members of credit cards, etc. even where no request is made to issue a confirmation note of amounts spent on credit cards, etc.

<Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010>

(8) Any person who intends to be granted an income deduction for amounts spent on credit cards, etc. shall enter the amount of the income deduction in his/her return on earned income deduction under Article 140 (1) of the Income Tax Act, and shall concurrently file an application for income deduction for credit cards, etc. and a confirmation note of amounts spent on credit cards, etc., in the forms prescribed by Ordinance of the Ministry of Strategy and Finance, when filing the return on income deduction for employment income earners to the withholding agent. In such cases, where any cost for using mass transit referred to in Article 126 - 2 (2) 2 of the Act exists, a document verifying such cost for using mass transit, such as passenger tickets, shall be appended thereto.<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21064, Oct. 7, 2008; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

(9) Where the Commissioner of the National Tax Service becomes aware of the fraudulent use of a credit card referred to in paragraph (4), he/she shall notify the relevant credit card company, etc of such fact within seven days.<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

(10) Where a credit card company, etc. becomes aware of the fraudulent use of the credit card referred to in paragraph (4), it shall notify the relevant credit card member, etc. of the details of the relevant transaction within 30 days after becoming aware of such facts, and shall exclude the same amount from the amount spent on credit cards, etc. eligible for income deduction as at the time of issuing a confirmation note of amounts spent on credit cards, etc. for the relevant transaction: Provided, That, where it becomes aware of the fraudulent use of the credit card after having issued a confirmation note of amounts spent on credit cards, etc., the relevant amount shall be excluded from the amount spent on credit cards, etc. eligible for income deduction for the following taxable year.<Amended by Presidential Decree No. 18176, Dec. 30, 2003; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010>

(11) For the purpose of paragraph (8), where the evidentiary documents of income deductions is submitted to the Commissioner of the National Tax Service pursuant to Article 216 - 3 of the Enforcement Decree of the Income Tax Act, documents prescribed by Ordinance of the Ministry of Strategy and Finance may be submitted instead of a confirmation note of amounts spent on credit cards, etc. <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 20720, Feb. 29, 2008 >

(12) The Commissioner of the National Tax Service may request the relevant administrative agencies, such as the Minister of Land, Infrastructure and Transport, the Administrator of the Small and Medium Business Administration, and the heads of local governments, to submit necessary data, including the status of corporations and business operators within the area of traditional markets or mass transits, to him/her or credit card companies, etc. in order to calculate the income deduction applied for amounts spent on credit cards, etc. In such cases, the relevant administrative agencies, etc. in receipt of such request shall comply therewith, except in extenuating circumstances. <Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24441, Mar. 23, 2013 >

(13) "Used motor vehicle prescribed by Presidential Decree" in the proviso to Article 126 - 2 (4) of the Act, means a used motor vehicle, among motor vehicles registered under the Motor Vehicle Management Act. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

(14) "Amount prescribed by Presidential Decree" in the proviso to Article 126 - 2 (4) of the Act, means 10/100 of the purchase price of a used motor vehicle. <Newly Inserted by Presidential Decree No. 27848, Feb. 7, 2017 >

[This Article Newly Inserted by Presidential Decree No. 16584, Oct. 30, 1999]

Article 121 - 3 (Special Taxation for Cash Receipt Service Operators and Cash Receipt

Merchants)(1) Upon receipt of an application filed by a business operator for approval to be a cash receipt service operator under Article 126 - 3 (1) of the Act, the Commissioner of the National Tax Service shall verify whether the business operator is equipped with the system to approve and transmit cash receipt settlement by wire, and shall approve such business operator as a cash receipt service operator if nothing obstructs the business relating to such service.

<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(2) To apply for approval to be a cash receipt service operator under paragraph (1), every applicant shall file an application for approval for a cash receipt service operator, in the form prescribed by the Commissioner, which is accompanied by documents announced by the Commissioner of the National Tax Service, such as a business plan, a plan to develop cash receipt issuing devices, and a plan to distribute cash receipt terminal, with the Commissioner of the National Tax Service.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(3) Matters necessary for the smooth operation of the Cash Receipt service, such as the method of issuance, details of entry and form of cash receipt, and keeping and submission of cash receipt, shall be determined by the Commissioner of the National Tax Service.<Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(4) Where paragraph (3) is violated, the Commissioner of the National Tax Service may revoke approval for the relevant cash receipt service operator granted under paragraph (1).<Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013>

(5) "Number of installed Cash Receipt issuing machines prescribed by Presidential Decree" in Article 126 - 3 (1) of the Act means the number of cash receipts issuing devices newly installed on the credit card terminal units by a cash receipt service operator in the business place of the business operators subject to issuance of receipts under Article 36 (1) 1 of the Value - Added Tax Act and Article 73 (1) and (2) of the Enforcement Decree of the same Act (hereafter referred to as "business operators subject to issuance of receipts" in this Article,).<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24638, Jun. 28, 2013>

(6) For the purpose of paragraph (5), where cash receipts issuing devices are newly installed on at least two credit card terminal units installed in the business place of the same business operator subject to issuance of receipts, this shall be deemed one case of installation, and cash receipts issuing devices are newly installed on the credit card terminal units by transmitting the installation program, etc. without visiting the business place of the business operator subject to issuance of receipts, or where the credit cards terminal units have built - in cash receipts issuing devices, the number of installation shall be deemed none.

(7) "Number of cash receipt account settlement" in Article 126 - 3 (1) of the Act means the number of settlement for which a cash receipts merchant referred to in Article 126 - 3 (1) of the Act (hereafter referred to as "cash receipt merchant" in this Article) has issued cash receipts by the cash receipts issuing devices, and which were electrically transmitted to the Commissioner of the National Tax Service through the cash receipt service operator pursuant to Article 126 - 3 (3) of the Act.

[<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24368, Feb. 15, 2013>](#)

(8) "Amount prescribed by Presidential Decree" in Article 126 - 3 (1) of the Act means the following applicable amount:

[<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013>](#)

1. Amount of deductions, etc. depending on the number of cash receipt issuing devices installed, etc.: The Commissioner of the National Tax Service may determine such amount by adding or subtracting an amount within 30/100 of the basic amount of 15,000 won per installation to or from the basic amount, upon considering the factors affecting the cost, etc.;

2. Amount of deductions depending on the number of settlements by cash receipt, etc.: The Commissioner of the National Tax Service may determine such amount by adding or subtracting within an amount equivalent to 30/100 of the basic amount of 18 won per settlement by Cash Receipt to or from the basic amount, upon considering the factors affecting the cost, etc.

(9) A cash receipt service operator who intends to apply for special taxation under Article 126 - 3 of the Act shall file an application for tax credit on the amount of value - added tax on the cash receipt service operator, in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the Commissioner of the National Tax Service.

[<Amended by Presidential Decree No. 20720, Feb. 29, 2008>](#)
(10) "Amount prescribed by Presidential Decree" in the former part of Article 126 - 3 (2) of the Act means 20 won.

[<Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008>](#)
(11) Every cash receipts merchant shall issue a cash receipt for each trade pursuant to Article 126 - 3 (4) of the Act.

[<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 24368, Feb. 15, 2013>](#)

(12) Where a mail order business operator defined under Article 14 (1) 11 of the Enforcement Decree of the Value - Added Tax Act supplies goods or services through a cyber - mall defined under subparagraph 4 of Article 2 of the Act on the Consumer Protection in the Electronic Commerce, Etc., which is operated by a business operator who engages in value - added telecommunications business under Article 5 of the Telecommunications Business Act (hereinafter referred to as "value - added telecommunications business operator") and receives payments therefor through the value - added telecommunications business operator, the value - added telecommunications business operator may issue cash receipts under the name of the mail order business operator. <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 22424, Oct. 1, 2010; Presidential Decree No. 24638, Jun. 28, 2013; Presidential Decree No. 26070, Feb. 3, 2015 >

(13) Matters necessary for the total sum of amounts settled by cash receipts and the notice of amounts eligible for income deduction to the persons issued Cash Receipts under paragraph (10), shall be determined by the Commissioner of the National Tax Service.

[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 121 - 4 Deleted. <by Presidential Decree No. 27848, Feb. 7, 2017 >

Article 121 - 5 (Confirmation, etc. of Cash Transactions)(1) "Business operator prescribed by Presidential Decree" in the former part of Article 126 - 5 (1) of the Act means a person who supplies goods or services eligible for income deduction for the spent amount as prescribed in Article 126 - 2 of the Act. <Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010 >

(2) A person who intends to file an application for verification of a cash transaction in accordance with Article 126 - 5 (1) of the Act shall file an application for verification of cash transactions in the form prescribed by Ordinance of the Ministry of Strategy and Finance within three years from the date of a transaction with the head of a tax office, the Commissioner of a Regional Tax Office, or the Commissioner of the National Tax Service, along with the materials that can prove the facts of the transaction objectively. <Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 24368, Feb. 15, 2013 >

(3) Upon receiving an application for verification of cash transactions under paragraph (2), the head of a tax office, the Commissioner of a Regional Tax Office, or the Commissioner of the National Tax Service shall forward an application for verification of cash transactions and evidencing materials to the head of a tax office having jurisdiction over the supplier of the goods or services (hereafter referred to as "supplier" in this Article) against whom verification of the transaction was requested.

(4) Upon receiving the application under paragraph (3), the head of a tax office having jurisdiction over the supplier shall review the details of the application filed by the applicant and the evidencing materials submitted, and verify whether the transaction was actually conducted. In such cases, the applicant shall be responsible for proving the existence of the facts of the transaction and the details thereof.

(5) The head of a tax office having jurisdiction over the supplier shall verify whether the cash transaction was actually made, as prescribed by the Commissioner of the National Tax Service, by the end of the month following the month in which the date of filing an application falls, and shall notify the applicant of the facts: Provided, That if extenuating circumstances specified by Ordinance of the Ministry of Strategy and Finance exist, such as momentary absence of the business operator, the period for verifying the facts of the transaction may be extended by up to 20 days. <Amended by Presidential Decree No. 20720, Feb. 29, 2008 >

(6) If the facts of the cash transaction are verified under paragraph (5), a cash receipt under Article 126 - 3 (4) of the Restriction of Special Taxation Act shall be deemed issued to an applicant regardless whether the supplier is a cash receipt merchant. <Amended by Presidential Decree No. 20620, Feb. 22, 2008 >

(7) Where the head of a tax office having jurisdiction over the place of tax payment has entered the revenue amount of cash transactions prescribed by Ordinance of the Ministry of Strategy and Finance out of the revenue amount entered in the statement of cash sales submitted by a business operator under Article 55 of the Value - Added Tax Act to the Cash Receipt system of the National Tax Service by the end of the month following the end of the month in which a deadline for preliminary return or final return of value - added tax falls, the business operator shall be deemed to have issued verified cash receipts for such transactions under Article 126 - 5 (1) of the Act. <Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No.

[20720, Feb. 29, 2008; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 24638, Jun. 28, 2013](#)>

(8) When a person supplied with goods or services from a business operator becomes aware that the details of revenue amount of cash transactions were omitted or the revenue amount entered falls short of the actual amount as the result of inquiring into the details of entries after expiration of a deadline for entry into the cash receipt system under paragraph (7), he/she may apply for the verification of the fact of cash transactions within three years from the date of conducting a transaction by applying paragraph (2) mutatis mutandis:<[Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 24368, Feb. 15, 2013](#)>

1 and 2. Deleted. <by [Presidential Decree No. 24368, Feb. 15, 2013](#)>

(9) Paragraphs (3) through (6) shall apply mutatis mutandis to procedures for filing applications, verification of the fact of conducting transactions, etc. under paragraph (8).<[Newly Inserted by Presidential Decree No. 20620, Feb. 22, 2008](#)>

[[This Article Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007](#)]

Article 121 - 6 (Tax Deduction for Expenses Incurred in Verifying Compliant Filing)(1)

The ceiling on the deductible tax amount referred to in the proviso to Article 126 - 6 (1) of the Act shall be one million won.

(2) A person who seeks the benefit of Article 126 - 6 (1) of the Act shall submit an application for tax deduction for expenses incurred in verifying compliant filing in the form determined by Ordinance of the Ministry of Strategy and Finance to the head of a tax office having jurisdiction over the place of tax payment when submitting a certificate of confirmation of compliant filing pursuant to Article 70 - 2 (1) of the Income Tax Act.

[[This Article Newly Inserted by Presidential Decree No. 22953, Jun. 3, 2011](#)]

Article 121 - 7 (Special Taxation for Gold Bullion Traded in Spot Gold Markets)(1) "Gold

bullion prescribed by Presidential Decree" in Article 126 - 7 (1) of the Act means gold with at least 9,999/10,000 in the state of raw materials, such as gold ingot (lumps) or gold bar (hereafter referred to as "gold bullion" in this Article).

(2) "Business bullion supplier prescribed by Presidential Decree" in Article 126 - 7 (1) 1 of the Act means a business operator who intends to supply or import gold bullion, and is prescribed by the terms and conditions of the Korea Exchange

(hereafter referred to as "Korea Exchange" in this Article) permitted under Article 373 - 2 (1) of the Financial Investment Services and Capital Markets Act (hereafter referred to as "gold bullion supplier" in this Article).

(3) "Safekeeping agency prescribed by Presidential Decree" in Article 126 - 7 (1) 1 of the Act means a person who performs the business related to safekeeping and withdrawal of gold bullion, and is prescribed by the terms and conditions of the Korea Exchange (hereafter referred to as "safekeeping agency" in this Article).

(4) "Spot gold market prescribed by Presidential Decree" in Article 126 - 7 (1) 1 of the Act means a market established by the Korea Exchange after obtaining approval from the Financial Services Commission to trade gold bullion deposited at safekeeping agencies (hereafter referred to as "spot gold market" in this Article).

(5) Where any gold bullion is traded using a gold trading account under Article 106 - 4 (1) of the Act (hereafter referred to as "gold trading account" in this Article), Article 106 - 4 of the Act shall apply mutatis mutandis to the method of payment, calculation of a payable tax amount, additional tax levied for a failure to use a gold trading account, and other matters necessary for the procedures for filing returns and payment of value - added tax and relevant forms shall be prescribed by Ordinance of the Ministry of Strategy and Finance.

(6) A person designated by the Commissioner of the National Tax Service under Article 106 - 9 (5) may refund any of the following value - added taxes to a gold bullion supplier by up to an amount of the value - added tax deposited by the purchaser under Article 106 - 4 of the Act, as prescribed by the Commissioner of the National Tax Service:

1. An amount of the value - added tax which is the input tax amount deductible for the gold bullion supplier under Article 126 - 7 (2) of the Act, which is deposited using a gold trading account;
2. An amount of the value - added tax which is the input tax amount deductible for the gold bullion supplier under Article 126 - 7 (2) of the Act, which is paid to a customs office as at the time the gold bullion is imported.

(7) Pursuant to Article 126 - 7 (3) of the Act, a gold bullion supplier shall issue a tax invoice under Article 32 of the Value - Added Tax Act stating the relevant safekeeping agency as a person supplied with gold bullion as at the time the person supplied with gold bullion completes payments for the gold bullion on after having

traded it in the spot gold market. In such cases, the value of supply shall be the sale price as at the time the payment is completed, and the amount of value - added tax shall be zero.

(8) Notwithstanding the provisions of paragraph (7), gold bullion suppliers may issue tax invoices aggregating the total value of supply for one calendar month in accordance with Article 34 (3) 1 of the Value - Added Tax Act.

(9) “ Value of supply prescribed by Presidential Decree ” in Article 126 - 7 (4) of the Act means an amount computed by multiplying the average unit price calculated by applying mutatis mutandis the moving average method provided for in Article 92 (2) 5 of the Enforcement Decree of the Income Tax Act by the quantity of gold bullion withdrawn.

(10) Where any gold bullion is withdrawn from a safekeeping agency under Article 126 - 7 (4) of the Act, goods shall be deemed to have been supplied as at the time an application is filed with the safekeeping agency to withdraw the gold bullion: Provided, That where a person entrusted with a transaction of gold bullion in the spot gold market from a third person, and is qualified, by the Korean Exchange, for a broker of the entrusted affairs (hereafter referred to as "gold bullion broker" in this Article) withdraws any gold bullion at the request of the truster, goods shall be deemed to have been supplied as at the time the truster requests the gold bullion broker to withdraw the gold bullion.

(11) Where any gold bullion is withdrawn from a safekeeping agency under Article 126 - 7 (4) of the Act, the safekeeping agency shall directly collect the value added - tax from the other party to a transaction, which is the person who withdraws the gold bullion and pay the amount so collected: Provided, That where a gold bullion broker withdraws gold bullion at the request of the truster, the safekeeping agency shall collect the value - added tax that the gold bullion broker has received from the truster and pay the amount so collected.

(12) Where a gold bullion broker withdraws gold bullion from a safekeeping agency at the request of the truster under the proviso to paragraph (11), the gold bullion broker shall provide the safekeeping agency with data necessary for issuing a tax invoice, such as the personal information of the person supplied with the gold bullion, value of supply of the gold bullion, and amount of value - added tax.

(13) "Scope prescribed by Presidential Decree" in Article 126 - 7 (6) of the Act means where a safekeeping agency makes or receives a payment of the supply value of gold bullion or the amount of value - added tax by means of a gold trading account as prescribed in Article 126 - 7 (3) through (5) of the Act.

(14) Where any gold bullion is withdrawn from a safekeeping agency under Article 126 - 7 (8) of the Act, the weighted average method provided for in Article 92 (2) 4 of the Enforcement Decree of the Income Tax Act shall apply mutatis mutandis to the evaluation of the amount used in the spot gold market.

(15) "Special relationship prescribed by Presidential Decree" in Article 126 - 7 (8) of the Act means a relationship with the related party provided for in Article 98 (1) of the Enforcement Decree of the Income Tax Act and Article 87 (1) of the Enforcement Decree of the Corporate Tax Act.

(16) "Gold bullion supplier prescribed by Presidential Decree" in Article 126 - 7 (9) of the Act means a person recommended by the head of the Korea Exchange from among persons qualified for importing and trading gold bullion in the spot gold market in accordance with the terms and conditions of the Korea Exchange.

(17) A person exempt from customs duties under Article 126 - 7 (9) of the Act shall deposit the relevant gold bullion in a safekeeping agency by the day following the date on which the import declaration is filed (or the following day of the relevant day if it falls on any of the following days), and shall conduct the transactions thereof in the spot gold market within three years from the filing date of the import declaration:

1. Holidays referred to in Articles 2 and 3 of the Regulations on Holidays of Public Agencies;
2. Saturdays;
3. Workers ' Day under the Designation of Workers ' Day Act.

(18) Upon granting exemption from customs duties on gold bullion under Article 126 - 7 (9) of the Act, the head of a customs office shall, without delay, notify the Korea Exchange and the relevant safekeeping agency of such fact.

(19) Where any cause for collecting customs duties exempted under Article 126 - 7 (11) of the Act occurs, the Korea Exchange and the safekeeping agency which has been notified of exemption from customs duties on the relevant gold bullion from the head of a customs office under paragraph (18) shall immediately notify the head of the customs office of such fact.

(20) Where any exempt customs duties are collected under Article 126 - 7 (11) of the Act, the amount to be collected shall be calculated as classified below. In such cases, if it is impracticable to collect customs duties from the person granted customs duty exemption in cases falling under subparagraph 2, such customs duties shall be collected from the transferee (including the lessee) or withdrawer:

1. Where the requirements prescribed in Article 126 - 7 (10) of the Act are not fulfilled:

Customs duties exempted under Article 126 - 7 (9) of the Act × Gold bullion which fails to fulfill the requirements prescribed in Article 126 - 7 (10) of the Act ÷ Customs duty - free gold under Article 126 - 7 (9) of the Act

2. Where the customs duty - free gold bullion is transferred (including the lease; hereafter the same shall apply in this paragraph) or withdrawn (excluding where the gold bullion is withdrawn after obtaining confirmation from the Korea Exchange or the safekeeping agency for quality inspection and is re - deposited) without conducting transactions in the spot gold market after depositing it at a safekeeping agency:

Customs duties exempted under Article 126 - 7 (9) of the Act × Gold bullion transferred or withdrawn ÷ Customs duty - free gold bullion under Article 126 - 7 (9) of the Act

(21) "Persons prescribed by Presidential Decree" in Article 126 - 7 (12) of the Act means:

1. The Korea Exchange;
2. Safekeeping agencies;
3. Persons eligible to participate in trading in the spot gold market and prescribed by the terms and conditions of the Korea Exchange (including gold bullion brokers)

(22) Persons referred to in the subparagraphs of paragraph (21) shall prepare and keep particulars of transactions, etc., stating the following relevant information. In such cases, such particulars of transactions, etc. can be stored in an electronic form, such as an information processing unit, electronic data processing tape, or diskette:

1. Where gold bullion is deposited at a safekeeping agency:

- (a) Depositor of the gold bullion;
- (b) Date of deposit and quantity of the deposited gold bullion;

- (c) Other matters prescribed by the Commissioner of the National Tax Service;
- 2. Where gold bullion is traded in the spot gold market:
 - (a) Quantity and amount of the gold bullion traded in the spot gold market by each trader, and the date of trade (trades conducted under Article 126 - 7 (1) 1 of the Act shall be stated separately from other trades);
 - (b) Personal information of the parties to a trade and the income accrued from the trade of the gold bullion for one year;
 - (c) Other matters prescribed by the Commissioner of the Korea Tax Service;
- 3. Where gold bullion is withdrawn from a safekeeping agency:
 - (a) Personal information of the withdrawer;
 - (b) Date of withdrawal;
 - (c) Quantity of the withdrawn gold bullion;
 - (d) Other matters prescribed by the Commissioner of the Korea Tax Service.

(23) Article 112 of the Enforcement Decree of the Customs Act shall apply mutatis mutandis to the procedures for filing applications for tax exemptions, and documents to be submitted under Article 126 - 7 (13) 3 of the Act, and other necessary matters shall be prescribed by the Commissioner of the Korea Customs Service.

(24) Procedures for notifying a decision on exemption under paragraph (18), and the occurrence of the causes for collection of customs duties under paragraph (19), relevant forms, and other necessary matters shall be prescribed by the Commissioner of the Korea Customs Service.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

SECTION 2 Restriction, etc. of Special Taxation

Article 122 (Scope of Underreported Income)(1) "Underreported amount prescribed by Presidential Decree" in Article 128 (3) of the Act means the unlawfully underreported tax base as prescribed in Article 47 - 3 (2) 1 of the Framework Act on National Taxes in the case of corporations, and the amount calculated by applying mutatis mutandis the same Article in the case of individuals. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013>

(2) "Where the business operator falls under the occasions prescribed by Presidential Decree" in Article 128 (4) 3 of the Act means where a business operator, who is a credit card merchant or cash receipt merchant, is notified of the reported amount by the head of the competent tax office pursuant to the latter parts of Articles 162 - 2 (4) and 162 - 3 (6) of the Income Tax Act, and the latter parts of Articles 117 (4) and 117 - 2 (5) of the Corporate Tax Act on the ground that he/she has refused a transaction by a credit card or has refused to issue a cash receipt, or has issued a false credit card sales slip or cash receipt, and: <Newly Inserted by Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010>

1. He/she is notified of the reported amount on at least three occasions during the pertinent taxable year (referring to the taxable year in which he/she refused a transaction by a credit card or refused to issue a cash receipt, or issued a false credit card sales slip or cash receipt; hereafter the same shall apply in this paragraph) and the aggregate of the reported amounts exceeded one million won;
2. He/she is notified of the reported amount on at least five occasions during the pertinent taxable year.

Article 123 (Elimination of Tax Credits for Investment, etc.) (1) "Amount equivalent to the interest paid by the State, etc., calculated, as prescribed by Presidential Decree" in Article 127 (1) 2 of the Act means the total of the interest cost paid or agreed to be paid by any of the State, etc. referred to in the items of Article 127 (1) of the Act.

(2) "Amount equivalent to the amount of subsidy for interest granted by the State, etc., calculated, as prescribed by Presidential Decree" in Article 127 (1) 3 of the Act means an amount computed by the following formula (if the relevant amount is a negative number, it shall be deemed zero): Amount of subsidy for interest = Total of principal and interest calculated by applying the interest rate under Article 89 (3) of the Enforcement Decree of the Corporate Tax Act as at the time the relevant national receives a loan - Total of principal and interest calculated by applying the actual interest rate of the loan as at the time the relevant national receives such loan.

[This Article Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014]

Article 124 (Exclusion from Tax Reduction or Exemption for Investment in

Overconcentration Control Region of Seoul Metropolitan Area)(1) "Enlarged

investment prescribed by Presidential Decree" in the main sentence of Article 130

(1) of the Act means any investment in accordance with the following classifications:

<Amended by Presidential Decree No. 20720, Feb. 29, 2008>

1. Cases of the business place that is a factory as stipulated by Ordinance of the Ministry of Strategy and Finance: Investments which lead to an increase of aggregate sizes of the relevant factory by a new installation of fixed assets for business;

2. Cases of the business place other than a factory under subparagraph 1: Investments which lead to an increase of the number of fixed assets for business or of the aggregate sizes of a business place by a new installation of fixed assets for business.

(2) "Industrial complex or industrial area prescribed by Presidential Decree" in the proviso to Article 130 (1) of the Act means the industrial complex or industrial area located in the overconcentration control region of the Seoul Metropolitan area, falling under any of the following subparagraphs: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23718, Apr. 10, 2012>

1. Industrial complex under the Industrial Sites and Development Act;

2. Industrial area under Article 36 (1) 1 of the National Land Planning and Utilization Act and the zone to be used as the sites for industrial facilities from among the district unit planning zone under Article 51 (3) of the same Act.

(3) "Digital broadcasting equipment prescribed by Presidential Decree" in Article 130 (1) and (2) of the Act means the broadcasting equipment acquired to use in the production, editing and transmission, etc. of the programs for digital broadcast (limited to the portion of investments to replace the existing broadcasting equipment). <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012>

(4) "Information and communications equipment prescribed by Presidential Decree" in the main sentence of Article 130 (1) and (2) of the Act means switching equipment, transmission equipment, line equipment and data processing equipment from among the telecommunication equipment provided for in Article 8 of the

Regulations on the Adjustment of Accounts and Report of Telecommunication Business. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

[This Article Wholly Amended by Presidential Decree No. 18176, Dec. 30, 2003]

Article 125 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001>

Article 126 (Exclusion from Reduction of, or Exemption from, Tax Short of Minimum

Tax)(1) "Tax prescribed by Presidential Decree, collectible as a penalty" in the main sentences of Article 132 (1) and 132 (2) of the Act means: <Amended by Presidential Decree No. 16366, May 24, 1999; Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 26959, Feb. 5, 2016>

1. An additional amount equivalent to interest where various reserves, etc. are included in gross income, and the amount of tax reduced or exempted pursuant to the Act is additionally collected (including voluntary payment or collection of such amount upon levied in addition to the income tax or corporate tax);
2. The amount of tax paid voluntarily or collected upon levied in addition to the income tax or corporate tax for the relevant business year, where the amount of income tax or corporate tax reduced or exempted is additionally collected pursuant to the Act or the Corporate Tax Act.

(2) "Tax credits, etc. prescribed by Presidential Decree" in Article 132 (1) of the Act means tax credits, tax reductions, or exemptions not referred to in Article 132 (1) 3 and 4 of the Act among corporate tax reductions or exemptions, and "where a company ceases to be classified as a small or medium enterprise for the first time, as prescribed by Presidential Decree" in Article 132 (1) of the Act means where the taxable year in which the reason that the company ceases to be classified as small or medium enterprise has occurred and subsequent three taxable years lapse. <Amended by Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22583, Dec. 30, 2010>

(3) Deleted. <by Presidential Decree No. 23590, Feb. 2, 2012>

(4) "Tax credits, etc. prescribed by Presidential Decree" in Article 132 (2) of the Act means tax credits, tax reductions, or exemptions not referred to in subparagraphs 3 and 4 of Article 132 (2) among income tax reductions or exemptions. <Amended by Presidential Decree No. 21307, Feb. 4, 2009>

(5) Where the income tax or corporate tax is revised, as the amount of income tax or corporate tax reported by a taxpayer (including a revised return or a request for rectification, etc. pursuant to the Framework Act on National Taxes) falls short of the amount of tax calculated under Article 132 of the Act, the amount of tax shall be calculated by excluding the following reductions or exemptions in the following order (in the same subparagraphs, it shall be governed by the order provided for in the subparagraphs of Article 132 (1) and (2) of the Act): <Amended by Presidential Decree No. 17829, Dec. 30, 2002; Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19888, Feb. 28, 2007; Presidential Decree No. 25211, Feb. 21, 2014 >

1. Deleted; <by Presidential Decree No. 25211, Feb. 21, 2014 >
2. Inclusion of reserves in deductible expenses under Article 132 (1) 1 and (2) 1 of the Act;
- 2 - 2. Inclusion in deductible expenses and exclusion from gross income under Article 132 (1) 2 and (2) 1 of the Act;
3. Tax credits under Article 132 (1) 3 and (2) 3 of the Act. In such cases, where there exists a carried - over tax credit amount among the amount of reduced or exempted tax under the same Article, the exclusion from such application shall begin with those accrued later;
4. Corporate tax or income tax reductions or exemptions under Article 132 (1) 4 and (2) 4 of the Act;
5. Income deductions and non - taxation under Article 132 (1) 2 and (2) 2 of the Act.

Article 127 Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006 >

Article 128 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 129 Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006 >

Article 130 (Special Cases concerning Exclusion of Entertainment Expenses from Deductible Expenses)(1) Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

(2) Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006 >

(3) "Government - contributed institutions prescribed by Presidential Decree" in Article 136 (2) 2 of the Act means the corporations in which the Government has invested at least 20/100 of its capital: Provided, That the listed corporations which

are neither public corporations nor quasi - governmental institutions referred to in Article 5 of the Act on the Management of Public Institutions shall be excluded.
<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(4) "Corporations prescribed by Presidential Decree" in Article 136 (2) 3 of the Act means the corporations in which the institutions referred to in Article 136 (2) 2 of the Act have invested as the largest stockholder.<Amended by Presidential Decree No. 20620, Feb. 22, 2008; Presidential Decree No. 22037, Feb. 18, 2010>

(5) "Expenses for cultural purposes prescribed by Presidential Decree" in Article 136 (3) of the Act means culture - related expenses spent for the following purposes within the Republic of Korea: Provided, That, in cases of subparagraph 7, only the amount equivalent to an admission fee for a performance may be included in such expenses:<Newly Inserted by Presidential Decree No. 20211, Aug. 6, 2007; Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015; Presidential Decree No. 26959, Feb. 5, 2016>

1. Purchasing admission tickets to cultural or art performances or exhibitions defined under Article 2 of the Culture and Arts Promotion Act or a museum under the Museum and Art Gallery Support Act;
2. Purchasing admission tickets for watching sports events under Article 2 of the National Sports Promotion Act;
3. Purchasing video products under Article 2 of the Promotion of the Motion Pictures and Video Products Act;
4. Purchasing phonograph record or music video products under Article 2 of the Music Industry Promotion Act;
5. Purchasing publications under subparagraph 3 of Article 2 of the Publishing Industry Promotion Act;
6. Purchasing admission tickets or passes to watch or experience cultural tourism festivals designated by the Minister of Culture, Sports and Tourism as prescribed in Article 48 - 2 (3) of the Tourism Promotion Act;
7. Purchasing admission tickets for tourist theaters under Article 2 (1) 3 (e) of the Enforcement Decree of the Tourism Promotion Act, on which the reasonable price of meals and alcohols, and for watching performances considering respective

market prices, etc. are stated;

8. Purchasing admission tickets for exhibitions prescribed by Ordinance of the Ministry of Strategy and Finance;
9. Purchasing admission tickets to watch designated cultural heritage under Article 2 (2) of the Cultural Heritage Protection Act and registered cultural heritage under paragraph (3) of the same Act;
10. Purchasing admission tickets for lectures regarding culture and arts under Article 2 of the Culture and Arts Promotion Act or honoraria for guest speakers;
11. Expenses incurred in relation to art and cultural events, such as performances directly held by a national with his/her own facilities or facilities rented from any third person;
12. Expenses spent for cultural, art, or sporting events held under the sponsorship of the Ministry of Culture, Sports and Tourism.

(6) Deleted. <by Presidential Decree No. 25211, Feb. 21, 2014>

Article 131 Deleted. <by Presidential Decree No. 19329, Feb. 9, 2006>

Article 132 (Rental Security Deposits, etc. Deemed Gross Income) (1) "Standards prescribed by Presidential Decree" in Article 138 (1) of the Act means the amount of borrowings (referring to the larger amount between the following amounts) equivalent to the amount twice the equity capital. In such cases, the borrowings and the equity capital shall be calculated by aggregating the balance of each day, and where the equity capital is changed on the grounds of any merger, division, capital increase, or capital decrease, etc., during the pertinent business year, the aggregate of the equity capital respectively calculated for the period (the equity capital during the relevant period may be calculated by subtracting or adding the increased capital amount or the decreased capital amount from or to the amount referred to in subparagraph 1) from the first date of the relevant business year to the date preceding the date on which the equity capital is changed, and the period from the date on which the equity capital is changed to the date on which the relevant business year ends shall be the equity capital calculated by aggregating the balance of each day for such periods: <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010>

1. The amount computed by deducting the total amount of liabilities from the total amount of assets on the balance sheet (including reserves and excluding the unpaid corporate tax) as of the date on which the relevant business year ends;
2. The paid - in capital as at the end of the relevant business year (the amount obtained by adding up the paid - in capital over par and gains from capital reduction to the capital and subtracting discount on capital stock and loss from capital reduction).

(2) The borrowings that shall be excluded under Article 53 (4) of the Enforcement Decree of the Corporate Tax Act; the borrowings, the interest paid on which has not been included in deductible expenses under Article 55 of the Enforcement Decree of the same Act; and the loans provided from the Housing and Urban Fund under the Housing and Urban Fund Act, shall be excluded from the borrowings referred to in paragraph (1). <Newly Inserted by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 26369, Jun. 30, 2015 >

(3) "Corporation which runs a real estate rental business as its principal business" in Article 138 (1) of the Act means a corporation whose value of assets used for the rental business is at least 50/100 of its total value of assets as of the end of the business year of the corporation. In such cases, the asset values shall be calculated as prescribed in Article 99 of the Income Tax Act, and where some of assets is used for a rental business, the value of the assets used for the rental business shall be calculated, as prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 20720, Feb. 29, 2008 >

(4) "House prescribed by Presidential Decree" in Article 138 (1) of the Act means a house and land appurtenant thereto, the area of which does not exceed the following area, whichever is wider: <Amended by Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 22037, Feb. 18, 2010 >

1. The total floor area of the house (excluding the basement area, the area used for a parking lot on the ground floor, and the area of joint facilities for residents provided for in subparagraph 3 of Article 2 of the Regulations on Standards, etc. for Housing Construction);
2. The area computed by multiplying five times by the area (referring to ten times in the case of any land outside the urban area) on which the building stands.

(5) The amount to be added to gross income pursuant to Article 138 (1) of the Act shall be calculated by the following formula. In such cases, where the amount to be added to gross income is smaller than zero, it shall be deemed nil, and the calculation shall be made by multiplying the balance as at the end of each month by the number of days elapsed: <Amended by Presidential Decree No. 22583, Dec. 30, 2010>
Amount to be added to gross income = [(Deposits, etc. for the relevant business year × number of rental days) - (Amount equivalent to the construction cost of rental real estate × number of rental days) × [(1/365) (366 for leap year)] × Interest rate of time deposit - Total amount of interest, discount charges, dividends, profits from disposal of preemptive rights, and profits from disposal of securities accrued from the rental business for the relevant business year

(6) "Amount equivalent to the construction cost of rental real estate" in paragraph (5) means each of the following:<Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 19329, Feb. 9, 2006; Presidential Decree No. 20720, Feb. 29, 2008>

1. The amount equivalent to the construction cost of an underpass prescribed by Ordinance of the Ministry of Strategy and Finance, where the underpass built by a corporation and gratuitously donated to the State or a local government under the State Property Act or other Acts and subordinate statutes, and is leased by obtaining permission for occupation and use thereof (limited to the initial period for gratuitous occupation and use);
2. The amount equivalent to the construction cost of real estate for lease (excluding the value of land) prescribed by Presidential Decree in the cases of real estate for lease, other those provided for in subparagraph 1.

Article 133 Deleted. <by Presidential Decree No. 21307, Feb. 4, 2009>

Article 133 - 2 (Special Taxation for Development of Submarine Mineral Resources)

Any person who seeks tax exemptions under Article 140 of the Act shall file an application with the head of the competent tax office, the head of the customhouse, or the head of a local government, after obtaining confirmation from the Minister of Trade, Industry and Energy, as stipulated by Ordinance of the Ministry of Strategy and Finance.<Amended by Presidential Decree No. 20720, Feb. 29, 2008; Presidential Decree No. 24441, Mar. 23, 2013; Presidential Decree No. 25211, Feb. 21, 2014>

[This Article Newly Inserted by Presidential Decree No. 18176, Dec. 30, 2003]

Article 134 (Scope, etc. of Real Estate Registered under Actual Titleholder's Name)(1)

"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" in the main sentence of Article 141 (1) of the Act means that the real estate registered under a title transferee's name prior to the enforcement of the Act on the Registration of Real Estate under Actual Titleholder's Name (referring to the Act as amended by Act No. 4944, December 30, 1995; hereinafter the same shall apply) has been only one lot (including several lots of land contiguous with each other) or one building (including attached buildings of the relevant building and the land appurtenant to the said building, and in the case of a collective housing under the Housing Act, one household unit and its appurtenant land), and that the said real estate is registered under the actual titleholder's name. <Amended by Presidential Decree No. 18146, Nov. 29, 2003; Presidential Decree No. 18704, Feb. 19, 2005 >

(2) The value of real estate under the main sentence of Article 141 (1) of the Act shall be the amount assessed under any of the following methods as of the enforcement date of the Act on the Registration of Real estate under Actual Titleholder's Name:<Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

1. Standard market value under Article 99 of the Income Tax Act, in the case of ownership;
2. Assessing methods as provided for in Articles 51 and 63 of the Enforcement Decree of the Inheritance Tax and Gift Tax Act, in the case of real rights except for ownership.

Article 134 - 2 (Procedures for Application of Special Provisions on Taxation for Sales Profit of Inventory Assets in Logistics Facilities in Bonded Area of Non - resident, etc.)

(1) The non - residents, etc. who intend to be exempted from the withholding of income tax or corporate tax under Article 141 - 2 of the Act shall submit an application for the exemption from withholding prescribed by Ordinance of the Ministry of Strategy and Finance together with a statement of warehousing and delivery of inventory in the logistics facility (hereafter referred to as "logistics facility" in this Article) under the same Article to the head of tax office having jurisdiction over the place of tax payment of the person who operates the logistics

facility by the end of the month next to the end of each quarter.

(2) The application for the exemption from withholding of income tax or corporate tax under paragraph (1) may be submitted by the person who operates the logistics facility.

[This Article Newly Inserted by Presidential Decree No. 21307, Feb. 4, 2009]

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 135 (Ex Ante and Ex Post Management of Special Taxation)(1) "Matters of special taxation prescribed by Presidential Decree" in Article 142 (3) of the Act means any of the following: <Amended by Presidential Decree No. 22037, Feb. 18, 2010; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25590, Sep. 11, 2014>

1. Matters concerning special taxation, the application period of which ends during the relevant taxable year;
2. Matters concerning special taxation, in which cases two years have not elapsed since the enforcement of the special taxation;
3. Matters concerning existing special taxation, the scope of which is to be extended;
4. Matters concerning special taxation, which are enumerated in the master plan formulated under Article 142 (1) of the Act as those subject to review.

(2) The Minister of Strategy and Finance may comprehensively assess the following matters concerning special taxation pursuant to the main sentence of Article 142 (4) of the Act:<Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25590, Sep. 11, 2014>

1. Matters requiring a comprehensive assessment by each field;
2. Matters requiring efficiency of tax expenditures through an objective verification because the amount of reductions or exemptions is anticipated to increase continuously in the future;
3. Other matters recognized by the Minister of Strategy and Finance as requiring an in - depth analysis and assessment.

(3) “ Matters prescribed by Presidential Decree, including matters wherein the repeal of such special taxation is apparent due to the extinction of eligible items ” in the proviso to Article 142 (4) of the Act means the following:<Newly Inserted by

[Presidential Decree No. 25590, Sep. 11, 2014](#)>

1. Matters wherein the repeal of such special taxation is apparent due to the extinction of eligible items;
2. Matters related to inter - Korean exchanges and cooperation or those implemented under an agreement or treaty entered into with a foreign country;
3. Matters that the Minister of Strategy and Finance recognizes as having no significant change in matters concerning existing special taxation, including the extent and scope of application, which have undergone assessment under Article 142 (4) of the Act within the recent three years.

(4) “ Amount prescribed by Presidential Decree ” in the proviso to Article 142 (4) of the Act means 30 billion won.<[Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014](#)>

(5) “ Matters prescribed by Presidential Decree, including the level of target achievement, economic effects, effects of income redistribution, and effects on finance ” in the proviso to Article 142 (4) of the Act means:<[Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014](#)>

1. An analysis of effects of special taxation schemes, including the level of target achievement, economic effects, effects of income redistribution, and effects on finance;
2. An analysis of the validity of special taxation schemes, including appropriateness of the purposes and objects of policies and means for implementing policies;
3. An analysis of the causes that hamper achievements of special taxation schemes and schemes to improve achievements.

(6) “ Special taxation, the annual amount of which is not less than the amount prescribed by Presidential Decree ” in Article 142 (5) of the Act means a special taxation scheme, the annual amount of which is at least 30 billion won: Provided, That, in cases of a legislative bill that amends the conditions of an existing special taxation scheme, it refers to a special taxation scheme, the annual amount of which to be added to the amount of the existing special tax scheme is at least 30 billion won.<[Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014](#)>

(7) “ Matters prescribed by Presidential Decree, such as where necessary to cope with economic and social situations ” in Article 142 (5) of the Act means:<[Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014](#)>

1. Matters necessary to be introduced in order to cope with economic and social situations;
2. Matters related to inter - Korean exchanges and cooperation or implemented under an agreement or treaty entered into with a foreign country;
3. Matters necessary to be introduced urgently in order to implement a project, where the period for supporting an international or national event, or a similar event is temporary and the deadline for application is definite;
4. Matters that the Minister of Strategy and Finance recognizes as those referred to in paragraph (8) and included in the details of the assessment conducted under Article 142 (4) of the Act, where it is intended to reflect the findings of the assessment under Article 142 (4) of the Act to improve an existing special taxation scheme.

(8) “ Matters prescribed by Presidential Decree, including the necessity and timeliness of the special taxation, expected effects, and potential problems ” in Article 142 (5) of the Act means: <Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014>

1. The validity of policies, including the necessity and timeliness of the special taxation, expected effects, potential problems, and methods for support;
2. The impact on various areas of the economy, including employment and investment;
3. The impact on the redistribution of income in various areas of the society, such as families, enterprises, and local communities.

(9) A legislative bill that amends matters concerning an existing special taxation scheme, including the change of a special tax rate and the addition of an item eligible for a special taxation scheme, shall be deemed a legislative bill that introduces a new special taxation scheme under Article 142 (5) of the Act: Provided, That an extension of the deadline for application of a special taxation scheme shall not be deemed a legislative bill that introduces a new special taxation scheme. <Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014>

(10) The head of a relevant administrative agency or any other institution requested to present an opinion or data pursuant to Article 142 (7) of the Act shall submit his/her opinion or data within ten days from the receipt of such request, if no deadline is specified for submission: Provided, That the head of a relevant

administrative agency or any other institution may extend the period in consultation with the Minister of Strategy and Finance thereon, if it is impracticable to submit an opinion or data within ten days from the receipt of a request, but shall notify the Minister of Strategy and Finance of the reasons and a management plan, if he/she has not maintained or managed, or is unable to produce the data requested.<Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014>

Article 135 - 2 (Designation of Institutions Specialized in Surveys and Research for Assessment, etc. of Special Taxation)

Pursuant to Article 142 (6) of the Act, the Minister of Strategy and Finance may designate any of the following institutions as an institution to conduct specialized surveys and research:

1. The Korea Institute of Public Finance established under the Act on the Establishment, Operation and Fostering of Government - Funded Research Institutes, Etc.;
2. The Korea Development Institute established under the Act on the Establishment, Operation and Fostering of Government - Funded Research Institutes, Etc.;
3. Other institutions that the Minister of Strategy and Finance recognizes as having specialized human resources, capacity to conduct surveys and research, etc. regarding the assessment, etc. of special taxation schemes.

[This Article Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014]

Article 135 - 3 (Preparation of Tax Expenditure Budget)(1) The tax expenditure referred to in Article 142 - 2 (1) of the Act (hereinafter referred to as "tax expenditure") shall include the matters acknowledged by the Minister of Strategy and Finance as necessary to be included in the tax expenditure budget under Article 142 - 2 (1) of the Act (hereinafter referred to as "tax expenditure budget") among the special taxation, considering whether any support is provided to specific industries or economic activities, the possibility of repeal of special taxation, etc.

(2) In preparing a tax expenditure budget pursuant to Article 142 - 2 (1) of the Act, the Minister of Strategy and Finance shall include the following therein:

1. An analysis by functions classified by items of the expenditure budget;
2. An analysis by particulars classified by tax items;

3. An analysis by methods of reduction or exemption pursuant to special taxation.

(3) "Persons prescribed by Presidential Decree" in Article 142 - 2 (2) of the Act means:

1. The Commissioner of the National Tax Service;
2. The Commissioner of the Korea Customs Service;
3. Other heads of central administrative agencies related to tax expenditure.

(4) Article 135 (10) shall apply mutatis mutandis to the submission of data by the head of a relevant central administrative agency or any other institution, upon receipt of a request to submit data under Article 142 - 2 (2) of the Act. In this regard, the " head of a relevant central administrative agency or any other institution " shall be construed as the " head of a relevant central administrative agency or any other institution. " <Newly Inserted by Presidential Decree No. 25590, Sep. 11, 2014 >

[This Article Newly Inserted by Presidential Decree No. 24368, Feb. 15, 2013]

Article 136 (Separate Accounting)(1) Article 113 of the Corporate Tax Act shall apply mutatis mutandis to the separate accounting pursuant to Article 143 of the Act.

<Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

(2) The revenue amount by businesses eligible for tax reduction or exemption under Article 143 of the Act shall be calculated by applying mutatis mutandis Article 19 of the Income Tax Act.<Amended by Presidential Decree No. 18704, Feb. 19, 2005 >

Article 136 - 2 (Tax Credits Carried - Forward)(1) "Number of graduates from high schools, etc. aligned to industry demand " in Article 144 (3) 1 of the Act, means the number of full - time employees for whom two years have not elapsed from the date of graduation from high schools, etc. aligned to industry demand as at the date an employment contract is entered into (which shall not exceed the number calculated by subtracting the largest of the numbers referred to in the items of Article 144 (3) 3 of the Act, from the number of full - time employees in the taxable year to which tax credits are carried forward). <Amended by Presidential Decree No. 23590, Feb. 2, 2012 >

(2) " Number of youth employees " in Article 144 (3) 2 of the Act, means the number of full - time employees defined in Article 23 (8) 1 (which shall not exceed the number calculated by subtracting the largest of the numbers referred to in the items of Article 144 (3) 3 of the Act and the number of graduates from high schools,

etc. aligned to industry demand referred to in paragraph (1), from the number of full - time employees in the taxable year to which tax credits are carried forward).

<Amended by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 24368, Feb. 15, 2013; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(3) “ Number of employees with a disability ” in Article 144 (3) 2 of the Act, means the number of full - time employees defined under Article 23 (8) 2 (which shall not exceed the number calculated by subtracting the largest of the numbers referred to in the items Article 144 (3) 3 of the Act, the number of graduates from high schools, etc. aligned to industry demand referred to in paragraph (1), and the number of youth employees referred to in paragraph (2), from the number of full - time employees in the taxable year to which tax credits are carried forward).<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(4) “ Number of employees aged at least 60 ” in Article 144 (3) 2 of the Act, means the number of full - time employees defined in Article 23 (8) 3 (which shall not exceed the number calculated by subtracting the largest of the numbers referred to in the items of Article 144 (3) 3 of the Act, the number of graduates from high schools, etc. aligned to industry demand referred to in paragraph (1), and the number of youth employees referred to in paragraph (2), and the number of employees with a disability referred to in paragraph (3), from the number of full - time employees in the taxable year to which tax credits are carried forward).<Newly Inserted by Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

(5) Article 23 (10) through (13) shall apply mutatis mutandis to the scope of full - time employees and the method for calculating the number of full - time employees under paragraphs (1) through (4).<Newly Inserted by Presidential Decree No. 23590, Feb. 2, 2012; Presidential Decree No. 25211, Feb. 21, 2014; Presidential Decree No. 26070, Feb. 3, 2015>

[This Article Newly Inserted by Presidential Decree No. 22583, Dec. 30, 2010]

Article 137 (Additional Collection of Amount of Tax Reduced or Exempted)(1) "Cases prescribed by Presidential Decree" in Article 146 of the Act, means the following cases: <Amended by Presidential Decree No. 18704, Feb. 19, 2005; Presidential Decree No. 21307, Feb. 4, 2009; Presidential Decree No. 22037, Feb. 18, 2010>

1. Where the ownership of an asset is transferred due to an investment in kind, a merger, a division, a merger through division, or an exchange, consolidation, business conversion, or succession to business subject to Article 50 of the Corporate Tax Act;

2. Where an asset whose durable years have been expired are disposed of;

3. Where an asset is used after being donated to the State, a local government, or a school, etc. under Article 36 (1) 1 (b) of the Enforcement Decree of the Corporate Tax Act.

(2) An additional amount equivalent to interest payable under Article 146 of the Act, shall be calculated by multiplying the amount of tax deducted, by the period under subparagraph 1 and the rate under subparagraph 2:

1. The period from the day following the deadline for filing the tax return for the taxable year in which tax was deducted, until the deadline for filing the tax return for the taxable year in which any of the grounds provided for in Article 146 of the Act arises;

2. 3/10,000 per day.

(3) "Buildings and structures prescribed by Presidential Decree" in Article 146 of the Act, means the following: <Newly Inserted by Presidential Decree No. 26070, Feb. 3, 2015>

1. Facilities referred to in Article 94 (1) 1 through 3 and 6 of the Act;

2. Storage facilities, among facilities referred to in Article 22 (1) 4;

3. Lodging facilities, specialized resort facilities, facilities for general amusement facility business, private or public libraries, museums, galleries, theaters, and science museums, among business assets referred to in Article 23 (1).

[This Article Wholly Amended by Presidential Decree No. 17829, Dec. 30, 2002]

Article 138 (Special Cases concerning Asset Revaluation for Public Offering)

"Period prescribed by Presidential Decree" in Article 23 (1) of the Addenda to the amended Regulation of Tax Reduction and Exemption Act, No. 4285 means the period until December 31, 2003. <Amended by Presidential Decree No. 16693, Jan. 10, 2000; Presidential Decree No. 17458, Dec. 31, 2001>

ADDENDA <No. 15976, 31. Dec, 1998 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 1999: Provided, That the amendments to Articles 25 (1) 8 and (2) 11, 35, 36, 42 through 44, and 46 shall enter into force on the date of its promulgation.

Article 2 (General Application Rules)

(1) The amendments relating to the income tax or corporate tax in this Decree shall apply to the first taxable year after this Decree enters into force.

(2) The amendments relating to the capital gains tax and special sur - tax in this Decree shall apply to the portion first transferred after this Decree enters into force.

Article 3 (Applicable Examples concerning Inclusion of Infrastructure Investment Reserves in Deductible Expenses)

The amendments to Article 25 (1) 8 and (2) 11 shall apply to the part included in the deductible expenses in the business year first ending after this Decree enters into force.

Article 4 (Applicable Examples concerning Minimum Amount Refunded for Foreign Businessmen)

The amendments to Article 107 (4) shall apply to the portion first sup - plied after this Decree enters into force.

Article 5 (Applicable Examples concerning Local Taxes)

The amendments to Article 116 (1) shall apply to a first merger after this Decree enters into force.

Article 6 (Applicable Examples concerning Special Cases on Revaluation)

The amendments to Article 138 shall apply to the portion whose public offering time limit first arrives after this Decree enters into force.

Article 7 (Applicable Examples concerning Tax Credit for Technical Workforce Development Expenses)

The amendments to item (m) in the technical development column of the attached Table 6 shall apply to the portion first disbursed after this Decree enters into force.

Article 8 (Transitional Measures concerning Exemption from Value Added Tax on Services by Substitute Organizations of Government Affairs)

In applying the amendments to Article 106 (6), the provisions relating to local public corporations in Articles 6 and 7 (2) of the Addenda to the amended Enforcement

Decree of the Value - Added tax Act, Presidential Decree No. 15563, shall continue to apply.

Article 9 Omitted.

Article 10 (Relationship with Other Acts and Subordinate Statutes)

Where the previous Enforcement Decree of the Regulation of Tax Reduction and Exemption Act and the provisions thereof are cited in other Acts or subordinate statutes at the time when this Decree enters into force, the provisions corresponding thereto in this Decree, if any, shall be deemed to have been cited in lieu of the former provisions.

ADDENDA <No. 16184, 12. Mar, 1999>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 16366, 24. May, 1999>

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.

(2) (Applicable Examples concerning Tax Reduction or Exemption on Business by Foreign - Invested Enterprise Housed in Foreign Investment Area) The provisions of Article 116 - 2 (3) 2 shall apply only to a foreign investment reported not later than December 31, 2001 pursuant to the Foreign Investment Promotion Act for which the subject matters of investments are fully contributed not later than December 31, 2005. <Amended by Presidential Decree No. 16693, Jan. 10, 2000>

(3) (Relationship with Other Acts and Subordinate Statutes) Where other Acts and subordinate statutes cite the former provisions of Articles 9 through 18, and 33 of the Enforcement Decree of the Foreign Investment Promotion Act at the time this Decree enters into force, it shall be deemed to have cited Articles 116 - 2 through 116 - 12 of this Decree.

ADDENDA <No. 16431, 30. Jun, 1999>

(1) (Enforcement Date) This Decree shall enter into force on July 1, 1999.

(2) (Special Cases to Tax Credit for Incomplete Investment) In applying the amended provisions of Article 23 (1), if the investment has not been completed on the basis of December 31, 1999, Article 23 (3) shall apply to the portion invested not later than December 31, 1999, by treating that the investment has been completed as of December 31, 1999. In this case, Article 4 (3) shall apply mutatis mutandis to the calculation of invested amount.

ADDENDA <No. 16448, 30. Jun, 1999>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 1999.

Articles 2 through 5 Omitted.

ADDENDA <No. 16508, 06. Aug, 1999>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 9, 1999.

Articles 2 through 6 Omitted.

ADDENDA <No. 16574, 11. Oct, 1999>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 16, 1999.

Articles 2 and 3 Omitted.

ADDENDA <No. 16584, 30. Oct, 1999>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicable Examples concerning Capital Gains Tax, etc.)

The amendments to Articles 32 and 39 (2) 2 (b) shall apply to the portions transferred for the first time after this Decree enters into force.

Article 3 (Applicable Examples concerning Scope of Lottery Prize Income)

The amendments to Article 93 shall apply to a lottery prize income accrued for the first time after this Decree enters into force.

Article 4 (Applicable Examples concerning Additional Collection of Deducted Taxes)

The amendments to Article 137 (7) 4 shall apply to the portions subjected to a tax deduction for redundant production facilities scrapped for the first time after this Decree enters into force.

Article 5 (Applicable Examples concerning Scope of Metropolitan Areas)

The amendments to the attached Table 7 shall apply to the portions of relocating factories to local areas for the first time after this Decree enters into force.

Article 6 (Transitional Measures concerning Procedures for Tax Office Head's Verification of Scrapping Redundant Production Facilities) With respect to a national

who has already scrapped his/her redu

Article 7 (Transitional Measures concerning Long - term Household Savings and Employee Stock Investment Savings)

The amended provisions of Article 81 (5) through (7) shall apply mutatis mutandis to long - term household savings and employee stock investment savings pursuant to Article 75 - 3 of the former Enforcement Decree of the Regulation of Tax Reduction and Exemption (referring to the former provisions before amended by the Presidential Decree No. 15976) or Article 75 - 4 of the same Decree.

ADDENDA <No. 16669, 31. Dec, 1999 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 16693, 10. Jan, 2000 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 18 (2) 8, 45 (1), 46 (2) 8, 71 (1), 79 (4), 80 (1) 1 (e), 106 (6) 8 and 16, (8) 2, (12) 4 (excluding those related to ships for inland-water fisheries), (15), 110 (1) and 120 (2) shall enter into force on July 1, 2000; the amended provisions of Articles 83 through 91, on Jan. 1, 2001; the portions related to the free trade zone in the amended provisions of Article 116 - 2 (4) and (5), on the enforcement date of the Act on Designation, etc. of the Free Trade Zone; and the portions related to the free customs zone, on the enforcement date of the Act on the Designation and Management of Customs - Free Zone for Building International Logistics Centers, respectively.

Article 2 (General Application Rules)

(1) The amended provisions related to the income tax and corporate tax in this Decree shall enter into force beginning from the taxable year commencing for the first time after January 1, 2000: Provided, That the amended provisions of Articles 84 through 91 shall enter into force starting with the taxable year commencing for the first time after January 1, 2001.

(2) The amended provisions related to the capital gains tax and special surtax in this Decree shall enter into force beginning from the portion transferred for the first time after this Decree enters into force: Provided, That the amended provisions of Articles 43 - 2, 45 (2), 54, 60 - 2 and 97 - 2 shall apply beginning from the portion transferred for the first time after the enforcement of the amended Restriction of Special Taxation Act No. 6045; and the amended provisions of Article 39 shall apply beginning from the portion transferred for the first time after January 1, 2000.

(3) The amended provisions related to the value-added tax in this Decree shall apply beginning from goods or services supplied or purchased for the first time after this Decree enters into force: Provided, That the amended provisions of Articles 106 (5) and 108 shall apply beginning from goods or services supplied or purchased for the first time after the enforcement of the amended Restriction of Special Taxation Act No. 6045.

(4) The amended provisions related to the special consumption tax and the liquor tax in this Decree shall apply beginning from the portion for which the tax period arrives for the first time after this Decree enters into force.

Article 3 (Applicable Examples concerning Scope of Small or Medium Enterprises)

The amended provisions of Article 2 shall apply beginning from enterprises for which 2 taxable years elapsed immediately following the taxable year whereto belongs the day when it is no longer subject to the category of small or medium enterprise for the first time after this Decree enters into force.

Article 4 (Applicable Examples concerning Tax Credit for Technology and Human Resources Development Expenses)

The amended provisions of Article 9 (4) shall apply beginning from applications for a tax credit made for the first time after this Decree enters into force.

Article 5 (Applicable Examples concerning Special Taxation on Stock Options)

The amended provisions of Article 13 (7) shall apply beginning from stock options granted for the first time after January 1, 2000.

Article 6 (Applicable Examples concerning Capital Gains on Securities Traded at Foreign Securities Markets)

The amended provisions of Article 18 (4) shall apply beginning from the portion transferred for the first time after the enforcement of the amended provisions of the amended Restriction of Special Taxation Act (Act No. 6045).

Article 7 (Applicable Examples concerning Tax Credit for Temporary Investment)

The amended provisions of Article 23 (1) and (2) shall apply beginning from investments commencing for the first time after January 1, 2000: Provided, That with respect to investments commenced after January 1, 1997 which are in progress as of January 1, 2000, this shall apply also to the portion of investments after January 1, 2000, but the investment amount in this case shall be the amount calculated by applying mutatis mutandis Article 4 (3).

Article 8 (Applicable Examples concerning Bad Debt Allowances)

The amended provisions of Article 46 (3) shall apply beginning from the portion of business year whereto belongs the promulgation date of the Amendment to the Act to the Restriction of Special Taxation Act (Act No. 6045).

Article 9 (Applicable Examples concerning Relocation of Corporation's Head Office to Areas Outside Metropolitan Area)

The amended provisions of Article 57 (7) shall apply beginning from the portion of relocation of a corporation's head or principal office for the first time after January 1, 2000.

Article 10 (Applicable Examples concerning Private Annuity Savings, etc.)

(1) The amended provisions of Article 80 (5) shall apply beginning from the portion of those that are terminated or paid in other forms than annuity payments in the tax period whereto belongs the promulgation date of the amended Act to the Restriction of Special Taxation Act (Act No. 6045).

(2) The amended provisions of Article 83 shall apply beginning from the portion opened for the first time after January 1, 2001.

Article 11 (Applicable Examples concerning Return of Original Tax Invoices)

The amended provisions of Article 107 (4) shall apply beginning from applications for return of original tax invoices made for the first time after January 1, 2000.

Article 12 (Applicable Examples concerning Exemption of Registration Tax)

The amended provisions of Article 116 (4) shall apply beginning from the portion of registrations made for the first time after the enforcement of the amended Restriction of Special Taxation Act (Act No. 6045).

Article 13 (Applicable Examples concerning Reduction or Exemption of Corporate Tax, etc. on Foreign Investment)

(1) The amended provisions of Article 116 - 2 (3) 2 and (6) shall apply beginning from applications for tax reduction or exemption first made after this Decree enters into force.

(2) The portion related to the free trade zone in the amended provisions of Article 116 - 2 (4) 1 and (5) shall apply to a free trade zone designated for the first time under Article 4 of the Act on the Designation, etc. of Free Trade Zone after the enforcement date of the same Act.

(3) The amended provisions of Article 2 of the Addenda of the amended Enforcement Decree of the Restriction of Special Taxation Act, Presidential Decree No. 16366, shall apply to applications for tax reduction or exemption made for the first time after this Decree enters into force: Provided, That with respect to the applications for tax reduction or exemption made prior to the enforcement of this Decree, which have failed to obtain the decisions on the tax reduction or exemption not later than the enforcement date of this Decree, they shall be deemed to have made the applications for tax reduction or exemption on the enforcement date of this Decree.

Article 14 (Applicable Examples concerning Exclusion of Interest Paid by Corporation with Excessive Borrowings from Deductible Expenses)

(1) The amended provisions of Article 129 (1) and (5) shall apply to the portion of reports made for the first time after this Decree enters into force.

(2) The amended provisions of Article 129 (6) 12 through 15, 17 and 18 shall apply beginning from stocks acquired for the first time after this Decree enters into force.

Article 15 (Applicable Examples concerning Inclusion of Technology Development Reserve in Deductible Expenses)

The amended provisions in the attached Table 5 shall apply beginning from the portion accumulated in the taxable year for which the tax return is filed for the first time after this Decree enters into force.

Article 16 (Special Cases to Incomplete Investment)

In applying the amended provisions of Article 23 (1) and (2), the amount invested not later than June 30, 2000 shall be the calculated amount by applying mutatis mutandis Article 4 (3), in case where the investment is not completed on the basis of June 30, 2000.

Article 17 (Special Cases to Tax - Favored Savings)

(1) Household savings that satisfy the requirements under any of the following subparagraphs among such savings as prescribed by Ordinance of the Ministry of Finance and Economy, and that are handled by a trust company under the Securities Investment Trust Business Act or a trust company under the Trust Business Act, shall be deemed the small amount household savings under Article 89 (1) 5 of the Act:

1. The contract period of savings shall be not less than six months but not more than three years;
2. The total sum of principal savings (to be calculated on the basis of beneficiaries) shall be not more than 20 million won;
3. It shall be on the basis of one passbook per person;
4. Savings contracts shall be concluded not later than December 31, 2000.

(2) In calculating the trust profit on the savings which are handled by a trust company under the Securities Investment Trust Business Act among the savings that are deemed the small amount household savings under paragraph (1), the profits accruing from trading or valuation of securities, etc. under Article 46 (1) of the

Income Tax Act may be deducted from the trust profit, notwithstanding Article 23 (3) of the Enforcement Decree of the Income Tax Act. <Amended by Presidential Decree No. 16984, Oct. 21, 2000>

(3) Articles 81 (5) through (8) and 87 (2) shall apply mutatis mutandis to household savings under paragraph (1).

Article 18 (Transitional Measures concerning Inclusion of Bad Debt Allowances by Financial Institutions in Deductible Expenses)

The former provisions of Article 46 (3) shall apply to the financial institutions under the previous Article 46 (2) 8 at the time this Decree enters into force.

Article 19 (Transitional Measures concerning Submission of Redundant Asset Particulars of Merged Cooperatives)

In case where assets for identical uses of the merged cooperatives come to be two or more under the amended provisions of Article 47 (1), a specification under Article 50 (2) 2 of the Act shall be submitted to the head of tax office having jurisdiction over the tax payment place within six months from the enforcement date of this Decree (referring to on or before the relevant transfer date, in case where the relevant assets are transferred within six months).

Article 20 (Transitional Measures, etc. for Tax - Favored Savings Subjected to Special Withholding)

The former provisions of Articles 83 through 88 and 90 and the amended provisions of Article 17 of the Addenda shall apply, until the maturity of such savings, to the tax - favored savings that are deemed the tax - favored comprehensive savings under Article 12 (1) of the Addenda to the amended Restriction of Special Taxation Act (Act No. 6045).

Article 21 (Transitional Measures concerning Usage Fees of Infrastructure Facilities)

The former provisions shall apply to goods or services provided by using the infrastructure facilities under previous provisions of Article 106 (5) before the enforcement of the amended Restriction of Special Taxation Act (Act No. 6045).

Article 22 (Transitional Measures concerning Exclusion from Deductible Expenses of Interest Paid by Corporation with Excessive Borrowings)

The former provisions shall apply to stocks subjected to the previous provisions of Article 129 (6) 12 through 15 at the time this Decree enters into force.

ADDENDA <No. 16762, 28. Mar, 2000>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <No. 16891, 01. Jul, 2000>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2000. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA <No. 16984, 21. Oct, 2000>

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 48 - 2 and 48 - 3, and the portion concerning the financial holding company in paragraph (2) of the Addenda shall enter into force on the promulgation date of the Financial Holding Companies Act.

(2) Omitted.

(3) (Applicable Examples concerning Amendment of Other Acts and Subordinate Statutes) The amended provisions of paragraph (2) of the Addenda shall apply beginning from the portion of a registration made for the first time after this Decree enters into force.

ADDENDA <No. 17034, 29. Dec, 2000>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2001: Provided, That the amended provisions of Articles 13 (1) and (5) and 82 - 6 shall enter into on the date of its promulgation; the provisions related to donations in the amended provisions of Article 69 (2) and the amended provisions of Article 69 (3), on January 1, 2003; the amended provisions of Article 106 (1) and (7) (proviso), on July 1, 2001; the

amended provisions of Article 106 (6) 18, on September 1, 2001; and the amended provisions of Article 106 - 2, on January 1, 2002, respectively. <Amended by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 2 (General Application Rules)

(1) The amended provisions of this Decree related to the income tax and the corporate tax shall apply beginning from the portion of the taxable year commencing for the first time after the enforcement date of this Decree.

(2) The amended provisions of this Decree related to the capital gains tax and special surtax shall apply beginning from the portions transferred for the first time after this Decree enters into force.

(3) The amended provisions of this Decree related to the value - added tax shall apply beginning from goods or services supplying or supplied, or goods declared for importation for the first time after this Decree enters into force.

(4) The amended provisions of this Decree related to the special consumption tax shall apply beginning from the portion shipped out of a manufacturing place or bonded area, or the portion declared for importation for the first time after this Decree enters into force.

Article 3 (Applicable Examples concerning Grace Period of Small or Medium Enterprises)

The amended provisions of Article 2 (2) shall apply beginning from the portion that fails to fall under the category of small or medium enterprise due to the expansion in size, etc. for the first time after this Decree enters into force.

Article 4 (Applicable Examples concerning Tax Credit for Investment)

(1) The amended provisions of Article 4 (1), 21, 22 (1) and 22 - 2 shall apply beginning from the first investment after this Decree enters into force.

(2) The amended provisions of Article 23 shall apply beginning from the investment commencing for the first time after this Decree enters into force: Provided, That with respect to investments commenced after July 1, 2000 which are in progress at the time this Decree enters into force, they shall apply also to the portion of investments after the enforcement of this Decree, but the investment amount shall be the amount calculated by applying mutatis mutandis Article 4 (3).

Article 5 (Applicable Examples concerning Calculation, etc. of Tax - Exempted Stock Transfer Margin and Dividend Income)

The amended provisions of Article 11 - 2 shall apply beginning from stocks first transferred and dividend income first received after this Decree enters into force.

Article 6 (Applicable Examples concerning Stock Options)

(1) The amended provisions of Article 13 (1) and (5) shall apply beginning from the portion of income accruing in the taxable year whereto belongs the enforcement date of this Decree.

(2) The amended provisions of Article 13 (7) shall apply beginning from the portion of income accruing from exercising stock options granted for the first time after this Decree enters into force.

Article 7 (Applicable Examples concerning Payment of Reduced or Exempted Tax Amount)

The portions related to the payment of reduced or exempted taxes and the amount equivalent to interest in the amended provisions of Articles 30, 32 through 34, 39, 43 - 2, 60 - 2, 63, 64, 67, 68, 76 through 78 shall apply beginning from the portion for which the relevant event occurs for the first time after this Decree enters into force.

Article 8 (Applicable Examples concerning Support of Financial Structure Improvement, etc.)

(1) The amended provisions of Articles 33 (2) 5 and (9), 34 (12) and (15) shall apply beginning from the portion of decision or revision of tax base and tax amount for the first time after this Decree enters into force.

(2) The amended provisions of Articles 33 (5) and 34 (7) shall apply start - ing with the portion of taxable year whereto belongs the date this Decree enters into force.

Article 9 (Applicable Examples concerning Investment in Kind, etc.)

The amended provisions of Articles 35 - 2, 35 - 3 and 43 - 2 shall apply start - ing with the portion of investment in kind or stock exchange that are effected for the first time after this Decree enters into force.

Article 10 (Applicable Examples concerning Annuity Savings, etc.)

(1) The amended provisions of Article 80 (3) shall apply beginning from the portion of furnishing a specification of private annuity savings for the first time after this Decree enters into force.

(2) The amended provisions of Articles 80 - 2 and 82 - 2 (1) shall apply start - ing with the portion of annuity savings or livelihood savings contracted for the first time

after this Decree enters into force.

(3) The amended provisions of Articles 82 - 4 and 82 - 5 shall apply starting with the portion of dividend income received for the first time after this Decree enters into force.

(4) The amended provisions of Article 82 - 6 shall apply beginning from the portion of savings contracted for the first time in the taxable year whereto belongs the date this Decree enters into force.

(5) The amended provisions of Article 83 - 2 shall apply beginning from the portion of income accruing for the first time after this Decree enters into force.

(6) The amended provisions of Article 92 (1) and (2) shall apply beginning from the portion of dividend received for the first time after this Decree enters into force.

Article 11 (Applicable Examples concerning Additional Collection of Customs Duties, etc.)

(1) The amended provisions of Article 116 - 8 shall apply from the portion of customs duties, etc. exempted for the first time after this Decree enters into force.

(2) The portions related to the property tax among the amended provisions of subparagraph 1 of Article 116 - 9 shall apply from the portion of tax reduced or exempted for the first time after this Decree enters into force. <Amended by Presidential Decree No. 18669, Jan. 5, 2005 >

Article 12 (Special Cases to Tax Credit on Temporary Investment)

In applying the amended provisions of Article 23, if an investment is not completed on the basis of June 30, 2001, Article 23 (3) shall apply to the portion of investment made not later than June 30, 2001, by deeming that the investment has been completed as of June 30, 2001. In this case, Article 4 (3) shall apply mutatis mutandis to calculation of the invested amount.

Article 13 (Special Cases to Transfers under Long - Term Installment Conditions) With respect to any person who has filed his/her tax base return for capital gains tax or special surtax by treating the d

Article 14 Deleted. <by Presidential Decree No. 17458, Dec. 31, 2001 >

Article 15 (Transitional Measures concerning Determination, etc. of Small or Medium Enterprises)

(1) Previous Article 2 and the Enforcement Decree of the Framework Act on Small and Medium Enterprises before an amendment by the Presidential Decree No. 17026

for amendment to the said Enforcement Decree shall apply to the case where a judgment of whether corresponding to the category of small or medium enterprises in the taxable year commenced before this Decree enters into force.

(2) Where an enterprise, corresponding to the category of small or medium enterprise under previous Article 2 (1) at the time when this Decree enters into force, becomes no longer corresponding to the category of small or medium enterprises as this Decree enters into force, it shall be deemed a small or medium enterprise not later than the taxable year commenced for the first time after this Decree enters into force and 3 succeeding taxable years thereafter.

Article 16 (Transitional Measures concerning Inclusion of Infrastructure Reserve in Gross Income)

Article 25 (2) through (5) of the Restriction of Special Taxation Act before an amendment by the Act for Amending the Restriction on Special Taxation Act (Act No. 6297) shall apply to the inclusion in

Article 17 (Transitional Measures, etc. for Tax Conversion on Retail, etc. of Substitute Organizations of Government Affairs)

(1) A business operator who is converted to a business operator subject to the value-added tax or to whom a taxable business is added under the amended provisions of Article 106 (1) and (7), shall submit to the head of competent tax office an application for business registration or a return on revised registration from July 1, 2001 to July 20, 2001, and the head of competent tax office in receipt of an application or a return shall, within 7 days, issue a new or revised business registration certificate.

(2) In case where goods or services subjected to the value-added tax under the amended provisions of Article 106 (1) and (7) whose supplying period arrives after July 1, 2001 and before the issuance of business registration certificate, the relevant supplying period may be set on July 31, 2001.

(3) With respect to the commodities, products, materials, other inventory assets (excluding the depreciable assets, and limited to those for receiving tax invoices and eligible for deduction of the purchase tax amount) that are acquired in connection with the relevant business as of July 1, 2001, in case where it is converted to a business operator subject to the value-added tax or a taxable business is newly added under the amended provisions of Article 106 (1) and (7), the purchase tax

amount pursuant to Article 17 (1) of the Value - Added Tax Act shall be calculated and deducted from the value - added tax payable for transactions during six months after July 1, 2001.

(4) Any person who intends to have the purchase tax amount deducted pursuant to paragraph (3) shall file a return on the relevant inventory assets to the head of tax office having jurisdiction over his/her tax payment place not later than September 30, 2001.

(5) In case where the depreciable assets acquired on or before June 30, 2001 in connection with the relevant business by a business operator who is converted to a business operator subject to value - added tax or to whom a taxable business is newly added under the amended provisions of Article 106 (1) and (7) are used for a tax - free business, such assets shall not be deemed the supply of goods under Article 15 of the Enforcement Decree of the Value - Added Tax Act: Provided, That this shall not apply to the portion of increase in case where its values are increased due to capital expenditures on the relevant goods on or after July 1, 2001.

Article 18 (Transitional Measures concerning Tax Exemption on Design and Construction Service for Excreta Disposal Facilities, etc.)

Where the goods that are acquired before this Decree enters into force, and that are used directly for businesses eligible for exemption of the value - added tax, by a person who has converted into a value - added tax - exempt business operator or to whom a tax - free business is newly added under the amended provisions of Article 106 (4), they shall not be deemed the supply of goods under Article 15 of the Enforcement Decree of the Value - Added Tax Act.

ADDENDA <No. 17115, 29. Jan, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 17158, 27. Mar, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on March 27, 2001.

Articles 2 and 3 Omitted.

ADDENDA <No. 17227, 24. May, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <No. 17236, 12. Jun, 2001 >

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation: Provided, That the portion related to Article 106 (1) 4 - 2 of the Act from among the amended provisions of Articles 23 (1) and 106 (5) shall enter into force on July 1, 2001, and the portion related to Article 106 (1) 4 - 3 of the Act from among the amended provisions of Article 106 (5) shall enter into force on January 1, 2004.

(2) (Applicable Examples concerning Exemption of Temporary Investment Tax Amount) The amended provisions of Article 23 (1) shall apply from the portion of first commencing the investment after July 1, 2001: Provided, That with respect to that commencing the investment after July 1, 2000 which is under the process of investment as of July 1, 2001, the amended provisions of Article 23 (1) shall also apply to the portion of investment after July 1, 2001.

(3) (Special Example for Deduction of Temporary Investment Tax) In case where the investment is not completed on the basis of December 31, 2001 in applying the amended provisions of Article 23 (1), Article 23 (3) shall be applicable by deeming that the portion of investments not later than December 31, 2001 is completed as of December 31, 2001.

ADDENDA <No. 17296, 07. Jul, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 8, 2001.

Articles 2 and 3 Omitted.

ADDENDA <No. 17303, 16. Jul, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 17, 2001.

Articles 2 through 4 Omitted.

ADDENDA <No. 17305, 16. Jul, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 17, 2001.

Articles 2 through 4 Omitted.

ADDENDA <No. 17336, 14. Aug, 2001 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 17367, 29. Sep, 2001 >

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.

(2) (Applicable Examples concerning Tax Amount Deduction for Temporary Investments) The amended provisions of Article 23 (1) shall apply beginning from the portion of commencing the investment for the first time on or after September 3, 2001: Provided, That with respect to the investment which are in progress as of September 3, 2001, which has been commenced on or after July 1, 2001, the amended provisions of the said Article and said paragraph shall also apply to the portion of investment on or after September 3, 2001.

(3) (Special Cases of Tax Amount Deduction for Temporary Investments) In applying the amended provisions of Article 23 (1), where the investment is not completed on the basis of December 31, 2001, Article 23 (3) shall apply to the portion of investments not later than December 31, 2001 by deeming that the

investment is completed as of December 31, 2001.

(4) (Special Cases of Exclusion of Overlapping Support for Livestock Industry) In case where a national carrying on livestock industry is subjected to an income deduction under Article 101 of the Act, he/she may, notwithstanding Article 23 (1), not be subject to a tax credit for temporary investment under the said paragraph.

ADDENDA <No. 17458, 31. Dec, 2001 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2002: Provided, That the amendments to Articles 4 - 2, 13, 25 (2) 2 - 2, 82 - 5, subparagraphs 8 through 10 of 93, 129 (6) 15 - 2 and 15 - 3, and 130 shall enter into force on the date of its promulgation, the amendments to Article 106 (7) (proviso) on July 1, 2002, and the amendments to Article 116 - 2 (11) on January 1, 2003.

Article 2 (General Applicability)

(1) The amendments concerning the income tax and corporate tax from among this Decree shall apply from the taxable year first commenced after the enforcement of this Decree.

(2) The amendments concerning the capital gains tax from among this Decree shall apply from the portion first transferred after the enforcement of this Decree.

(3) The amendments concerning the value - added tax from among this Decree shall apply from the portion of goods or services first supplying or supplied after the enforcement of this Decree.

(4) The amendments concerning the special consumption tax and traffic tax from among this Decree shall apply from the portion first carried out from the manufacturing place or bonded district, or first made an import declaration after the enforcement of this Decree.

(5) The amendments concerning the stamp tax from among this Decree shall apply from the portion for which taxable documents are first prepared after the enforcement of this Decree.

Article 3 (Applicable Examples concerning Special Taxation on Stock Options)

The amendments to Article 13 shall apply from the portion subjected to granting in the taxable year whereto belongs the date of promulgation of this Decree.

Article 4 (Applicable Examples concerning Tax Credit for Temporary Investment)

(1) The amendments to Article 23 (1) shall apply from the portion for which an investment is first commenced after the enforcement of this Decree: Provided, That with regard to the investment still going on as of January 1, 2002 which has begun after July 1, 2000, the amendments to the same paragraph of the same Article shall apply also to the portion of investments after January 1, 2002.

(2) In applying the amendments to Article 23 (1), where an investment is not completed on the basis of June 30, 2002, with regard to the portion of investment until June 30, 2002, Article 23 (3) shall apply by deeming that the investment is completed as of June 30, 2002. In this case, with regard to the calculation of invested amount, the provisions of Article 4 (3) shall apply mutatis mutandis.

Article 5 (Applicable Examples concerning Inclusion in Deductible Expenses of Infrastructure Investment Reserves)

The amendments to Article 25 (2) 2 - 2 shall apply from the portion of inclusion in the deductible expenses in the business year whereto belongs the date of promulgation of this Decree.

Article 6 (Applicable Examples concerning Application for Carryover Taxation)

The amendments to Articles 28 (3) and 29 (3) shall apply from the portion of first applying for the carryover taxation after the enforcement of this Decree.

Article 7 (Applicable Examples concerning Tax Reduction or Exemption, etc. for Small or Medium Enterprises Relocating to Other Areas than Seoul Metropolitan Area)

The amendments to Articles 60 and 60 - 2 shall apply from the portion of first relocating the factory or headquarters after the enforcement of this Decree.

Article 8 (Applicable Examples concerning Special Taxation on Members, etc. of Employee Stock Ownership Association)

The amendments to Article 82 - 4 shall apply from the portion of first contributions after the enforcement of this Decree.

Article 9 (Applicable Examples concerning Requirements, etc. for Investments to Cooperatives, etc.)

The amendments to Article 82 - 5 shall apply from the portion of dividend income paid in the taxable year whereto belongs the date of promulgation of this Decree.

Article 10 (Applicable Examples concerning Scope of Lottery Prize Income)

The amendments to subparagraphs 8 through 10 of Article 93 shall apply from the portion first paid in the taxable year whereto belongs the date of promulgation of this Decree.

Article 11 (Applicable Examples concerning Scope of Cooperative Members Subjected to Capital Gains Tax Reduction or Exemption)

The amendments to Article 99 - 3 (3) 2 and (5) shall apply from the portion of first acquisition of cooperative member's title after the enforcement of this Decree.

Article 12 (Applicable Examples concerning Reduction or Exemption of Corporate Tax, etc. for Foreign Investments)

(1) The amendments to Article 116 - 2 (3) shall apply from the portion of first application for tax reduction or exemption after the enforcement of this Decree.

(2) The amendments to the proviso to Article 116 - 2 (10) and to Article 116 - 2 (10) 1 and 2 shall apply from the portion of investments in a domestic corporation first established after January 1, 2002 pursuant to a company reorganization plan under the Company Reorganization Act.

Article 13 (Applicable Examples concerning Exclusion of Interest Paid by Excessively Indebted Corporations from Deductible Expenses, etc.)

The amendments to Articles 129 (6) 15 - 2, 15 - 3 and 130 shall apply from the portion of taxable year whereto belongs the date of promulgation of this Decree.

Article 14 (Applicable Examples concerning Reserve Accumulation, etc. for Corporate Rationalization)

(1) The amendments to Article 137 (3) 2 shall apply from the portion of first tax base return, modified return, decision, or revision after the enforcement of this Decree.499 - (Supp. 22)499 - (Supp. 22)499 - (Supp. 22)499 - (Supp. 22)

(2) The amendments to Article 137 (5) apply to the portion of first redemption of borrowings after the enforcement of this Decree.

Article 15 (Special Cases of Purchase Value - Added Tax Deduction on Recycled Waste Resources, etc.) With regard to the purchase value - added tax deduction in case where a business operator under Article

Article 16 (Transitional Measures, etc. for Tax Conversion of Organizations Performing Government Affairs in Proxy)

(1) Any business operator who is converted to a business operator subject to value - added tax or to whom a taxable business is added under Article 106 (7) shall

file an application for business registration or a report on revision of registration with the head of competent tax office from July 1, 2002 to July 20, 2002, and the head of competent tax office in receipt of such application or report shall issue, or make modified issuance, within 7 days the certificate for business registration.

(2) Where the time of supply of goods or services subject to value - added tax under the amendments to Article 106 (7) arrives after July 1, 2002 and before the issuance of a certificate for business registration, such time of supply may be deemed to be July 31, 2002.

(3) Where the depreciable assets, which have been acquired by a business operator who is converted to a business operator subject to the value - added tax or to whom a taxable business is added under the amendments to Article 106 (7) in connection with the said business before the enforcement of this Decree, are again used in the tax - free business, it shall not be deemed the supply of goods under Article 15 of the Enforcement Decree of the Value - Added Tax Act: Provided, That where any capital expenditures for the said goods after July 1, 2002 have caused an increase of their values, this shall not apply to the said increased portions.

ADDENDA <No. 17538, 02. Mar, 2002 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 17583, 20. Apr, 2002 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 17633, 25. Jun, 2002 >

(1) (Enforcement Date) This Decree shall enter into force on July 1, 2002.

(2) (Applicable Examples concerning Temporary Tax Credit for Investment) The amendments to Article 23 (1) shall apply from the portion of commencing an investment first after July 1, 2002: Provided, That as for those for, which an investment is under progress as of July 1, 2002, and which has commenced an

investment after July 1, 2002, the amendments to the same Article and paragraph shall also apply to the portion of investments after July 1, 2002.

(3) (Special Cases for Temporary Tax Credit for Investment) In applying the amendments to Article 23 (1), in case where the investment is not completed on the basis of December 31, 2002, Article 23 (3) shall apply to the portion of investments not later than December 31, 2002 by deeming that the investment has been completed as of December 31, 2002.

ADDENDA <No. 17791, 05. Dec, 2002 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 17829, 30. Dec, 2002 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2003: Provided, That the amendments to Articles 35 - 2, 35 - 3, 81 - 3 (1), 94 (5), 121 - 2 (1) and (4) 3 and 4, and 137 shall enter into force on the date of its promulgation, and the amendments to Articles 106 (4) and 106 - 3 through 106 - 6 shall enter into force on July 1, 2003.

Article 2 (General Application Example)

(1) The amendments pertaining to the income tax or corporate tax in this Decree shall apply from the portion of taxable year first commencing after the enforcement of this Decree.

(2) The amendments pertaining to the value - added tax in this Decree shall apply from the portion of supplying or being supplied the goods or services, or the portion of import declaration after the enforcement of this Decree.

(3) The amendments pertaining to the capital gains tax in this Decree shall apply from the portion of first transfer after the enforcement of this Decree.

Article 3 (Applicable Examples concerning Reduction of Addition Ratio for Additional Amounts Equivalent to Interests)

The amendments to Article 3 (3) 2 shall apply from the portion of reaching to the time limit of a statutory return first after the enforcement of this Decree.

Article 4 (Applicable Examples concerning Special Taxation on Investment in Small or Medium Start - up Business Investment Companies, etc.)

The amendments to Article 12 (2) shall apply from the portion of acquisition through first investment after the enforcement of this Decree.

Article 5 (Applicable Examples concerning Special Taxation on Stock Options)

(1) The amendments to Article 13 (5) 1 shall apply from the portion of income first accruing after enforcement of this Decree.

(2) The amendments to Article 13 (9) shall apply from the portion of exercising the stock options first after the enforcement of this Decree.

Article 6 (Applicable Examples concerning Scope, etc. of Investment in Specific Facilities)

The amendments to Article 22 (1) 2 and 22 - 2 (1) 3 shall apply from the portion of first investment after the enforcement of this Decree.

Article 7 (Applicable Examples concerning Deduction of Temporary Investment Tax Amounts)

(1) The amendment to Article 23 (1) shall apply from the portion of first commencement of investment after enforcement of this Decree: Provided, That with regard to the investment in progress as of January 1, 2003, which has commenced after July 1, 2000, the amendment to the same Article shall also apply even to the portion of investment after January 1, 2003.

(2) In applying the amendment to Article 23 (1), if the investment is not completed on the basis of June 30, 2003, the provision of Article 23 (3) shall apply to the portion of investment not later than June 30, 2003 by deeming that the investment is completed as of June 30, 2003. In this case, the provision of Article 4 (3) shall apply to the calculation of investment amounts.

Article 8 (Applicable Examples concerning Exception to Exclusion of Special Taxation pursuant to Requirement for Holding Company)

The amendments to Article 35 - 2 (6) and the latter part of 35 - 3 (2) shall apply from the taxable year whereto belongs the date of promulgation of this Decree.

Article 9 (Applicable Examples concerning Special Taxation of Corporate Tax on Relocation of Factory Outside Large City Area)

The amendment to Article 56 (2) shall apply from the portion of transfer for relocating the factory outside the large city area first after enforcement of this Decree.

Article 10 (Applicable Examples concerning Reduction or Exemption of Tax Amounts for Enterprises Located in Agro - Industrial Complex)

The amendment to Article 61 (1) and (2) shall apply from the portion of first location in the agro - industrial complex and commencing the business after enforcement of this Decree.

Article 11 (Applicable Examples concerning Adjustment of Installment Period for Insurance, etc. from among Installment Non - taxation Commodities)

The amendments to Articles 80 (1) 4, 80 - 2 (1) 4, 81 (1) 2, and 82 (1) 1 shall apply from the portion of first installment after enforcement of this Decree.

Article 12 (Applicable Examples concerning Tax Amount Deduction, etc. for Long - Term Securities Savings)

The amendment to Article 81 - 3 (1) shall apply from the portion of trade turnover ratio to be applied in the taxable year whereto belongs the date of promulgation of this Decree.

Article 13 (Applicable Examples concerning Reduction or Exemption for Foreign Investments in Research and Development Projects)

The amendment to Article 116 - 2 (3) 4 shall apply from the portion of first application for reduction or exemption after enforcement of this Decree.

Article 14 (Applicable Examples concerning Income Deduction for Amount of Spending by Credit Cards, etc.)

(1) The amendment to Article 121 - 2 (1) shall apply from the portion of income tax base return, decision on income tax, or year - end settlement first after August 29, 2002.

(2) The amendment to Article 121 - 2 (4) 3 and 4 shall apply from the taxable year whereto belongs the date of promulgation of this Decree.

(3) The amendment to Article 121 - 2 (4) 5 shall apply from the portion of first using after enforcement of this Decree.

Article 15 (Applicable Examples concerning Exclusion of Tax Reduction or Exemption for Investments within Overconcentration Control Region of Seoul Metropolitan Area)

The amendment to Article 124 (3) shall apply from the portion of first investment after enforcement of this Decree.

Article 16 (Applicable Examples concerning Expansion, etc. of Expenses Subject to Inclusion in Deductible Expenses for Research and Manpower Development Reserves)

The amendments to the attached Tables 5 and 6 shall apply from the portion of first occurrence after the enforcement of this Decree.

Article 17 (Transitional Measures concerning Special Taxation of Corporate Tax on Relocation of Factory Outside Large City Area)

In case where the business is commenced by relocating the factory in a large city under the provision of previous Article 56, or where the factory in a large city is transferred at the time of enforcement of this Decree, notwithstanding the amendment to Article 56, it may be subject to an application of the special taxation of corporate tax under the previous provisions.

Article 18 (Transitional Measures concerning Exemption of Value - Added Tax on National Housing, etc.)

In case where any business operator is converted into one exempted from value - added taxes, or to whom the tax - free business is added under the amendment to Article 106 (4), uses the goods acquired prior to enforcement of this Decree directly for the business exempted from value - added taxes, Articles 15 (1) 1 and 63 of the Enforcement Decree of the Value - Added Tax Act shall not be applied, notwithstanding the amendment to Article 106 (4).

ADDENDA <No. 18030, 30. Jun, 2003>

(1) (Enforcement Date) This Decree shall enter into force on July 1, 2003.

(2) (Applicable Examples concerning Deduction of Temporary Investment Tax Amount) The amendments to Article 23 (1) shall apply beginning from the portion of initiating an investment after July 1, 2003: Provided, That with regard to those for which an investment is in progress as of July 1, 2003, and whose investment began after July 1, 2000, the amendments to the same paragraph of same Article shall apply even to the portion of investments subsequent to July 1, 2003.

(3) (Special Case concerning Deduction of Temporary Investment Tax Amount) In applying the amendment to Article 23 (1), if the investments are not completed

pursuant to the basis of December 31, 2003, Article 23 (3) shall apply by deeming that the investments completes as of December 31, 2003. In this case, Article 4 (3) shall apply mutatis mutandis to a calculation of the investment amount.

ADDENDA <No. 18044, 30. Jun, 2003>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2003.

Articles 2 through 13 Omitted.

ADDENDA <No. 18146, 29. Nov, 2003>

Article 1 (Enforcement Date)

This Decree shall enter into force on November 30, 2003. (Proviso Omitted.)

Articles 2 through 15 Omitted.

ADDENDA <No. 18176, 30. Dec, 2003>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2004: Provided, That the amended provisions of Articles 13 (8) 3, 69 - 2 (2), 104 - 4 and 129 (6) shall enter into force on the date of promulgation, and the amended provisions of Articles 14, subparagraph 2 of 53, 80 - 2 (1) 1 (b) and (f), 82 - 2 (1), 83 (6) and 116 (11) shall enter into force on January 5, 2004, and the amended provisions of Article 106 (8) (proviso) shall enter into force on January 1, 2005.

Article 2 (Enforcement Date of Amended Act of Restriction of Special Taxation Act)

"Date as prescribed by the Presidential Decree" in the proviso of Article 1 of the Addenda of the amended Act of the Restriction of Special Taxation Act, Act No. 7003 means January 1, 2005.

Article 3 (General Applicability)

(1) The amended provisions concerning the income tax and corporate tax from among this Decree shall apply to the portion of taxable years commencing after the enforcement of this Decree.

(2) The amended provisions concerning the value - added tax from among this Decree shall apply to the portion of providing or being provided the goods or services, or of the import declaration for goods after the enforcement of this Decree.

(3) The amended provisions concerning the special consumption tax from among this Decree shall apply to the portion of carrying out of the manufacturing place or the bonded zone, or of the import declaration after the enforcement of this Decree.

(4) The amended provisions concerning the capital gains tax from among this Decree shall apply to the portion of transfer after the enforcement of this Decree.

(5) The amended provisions concerning the acquisition tax and registration tax from among this Decree shall apply to the portion of acquisition, registry or registration after the enforcement of this Decree.

(6) The amended provisions concerning the property tax from among this Decree shall apply to the portion of consisting a tax liability after the enforcement of this Decree. <Amended by Presidential Decree No. 18669, Jan. 5, 2005 >

(7) The amended provisions concerning the customs duties from among this Decree shall apply to the portion of import declaration after the enforcement of this Decree.

Article 4 (Applicable Examples concerning Amendment of Report Forms, such as Deducted Tax Amount Statement, etc.)

The amended provisions of Articles 6 - 2, 9 (6), 60 (4), 60 - 2 (13), 63 (7), 64 (7) and 104 - 5 (6) shall apply from the portion of filing the tax base return after March 1, 2004.

Article 5 (Applicable Examples concerning Temporary Tax Credit on Overseas Dispatch Expenses)

The amended provisions of Article 9 - 2 shall apply from the portion of incurring any overseas dispatch expenses after the enforcement of this Decree.

Article 6 (Applicable Examples concerning Special Taxation on Stock Options)

The amended provisions of Article 13 (8) 3 shall apply from the portion of exercising the stock options in the taxable year whereto belongs the enforcement date of this Decree.

Article 7 (Applicable Examples concerning Tax Credit on Waste Quantity Reduction Facilities)

The amended provisions of Article 22 (1) 2 shall apply from the portion of investments after the enforcement of this Decree.

Article 8 (Applicable Examples concerning Scope of Tax Credit on Temporary Investment)

The amended provisions of Article 23 (1) shall apply from the portion of commencing any investments after the enforcement of this Decree: Provided, That the amended provisions of Article 23 (1) shall apply to the portion of investments after January 1, 2004 from among the portion of commencing investments after July 1, 2000, which are the portions for which an investment is in progress as of January 1, 2004.

Article 9 (Applicable Examples concerning Flood Prevention Bonds)

The amended provisions of Article 26 (2) shall apply from the portion of issuing the flood prevention bonds after the enforcement of this Decree.

Article 10 (Applicable Examples concerning Special Cases of Inclusion of Depreciation Costs in Deductible Expenses)

The amended provisions of Article 27 shall apply from the portion of filing a tax base return after the enforcement of this Decree (excluding the return after deadline under Article 45 - 3 of the Framework Act on National Taxes): Provided, That with regard to the corporation for which the deadline for a tax base return under the provisions of Article 60 of the Corporate Tax Act has arrived before the enforcement of this Decree, a written application for special case of depreciation may be submitted not later than the deadline for a tax base return on corporate tax for business year next to that whereto belongs the date of acquisition of relevant assets, notwithstanding the amended provisions of Article 27 (4).

Article 11 (Applicable Examples concerning Calculation of Offices above Standard Relating to Additional Collection of Reduced or Exempted Tax Amount for Relocation of Factory and Headquarters)

The amended provisions of Articles 57 (8) and 60 - 2 (11) and (12) shall apply from the portion of placing the offices above the standard, or of occurring the causes for additional collection of the relevant reduced or exempted tax amount after the enforcement of this Decree.

Article 12 (Applicable Examples concerning Adjustment of Objects of Reduction or Exemption of Temporary Special Tax Amount on Relocation of Factory and Headquarters)

The amended provisions of Article 60 - 2 (1) 5 shall apply from the portion of relocating the factory and headquarters to Outside Seoul Metropolitan Area after the enforcement of this Decree.

Article 13 (Applicable Examples concerning Special Cases of Inclusion of Donated Amount in Deductible Expenses)

The amended provisions of Article 69 - 2 (2) shall apply from the portion of taxable year whereto belongs the enforcement date of this Decree.

Article 14 (Applicable Examples concerning Scope, etc. of Long - term Savings for Purchasing House)

The amended provisions of Article 81 (1) 1, 3 and (2) shall apply from the portion of opening a savings account after the enforcement of this Decree.

Article 15 (Applicable Examples concerning Institution Handling Annuity Savings)

The amended provisions of Article 80 - 2 (1) 1 (e) shall apply from the portion of opening a savings account after the enforcement of this Decree.

Article 16 (Applicable Examples concerning Special Taxation of Transfer Income Tax on Acquisitors of Houses in Farming and Fishing Villages)

The amended provisions of Article 99 - 4 shall apply from the portion of transferring a general housing after August 1, 2003.

Article 17 (Applicable Examples concerning Scope of Profit - making Business of Consolidation Project Cooperatives)

The amended provisions of Article 104 - 4 shall apply from the portion of taxable year whereto belongs the enforcement date of this Decree.

Article 18 (Applicable Examples concerning Delivery and Submission of Report on Tax - free Gold Bullion Trade, etc.)

The amended provisions of Article 106 - 3 (9) and (12) shall apply from the portion of delivery or submission after the enforcement of this Decree.

Article 19 (Applicable Examples concerning Purchase Value - added Tax Deduction on Recycled Waste Resources, etc.)

The amended provisions of Article 110 (5) 3 shall apply from the portion of submitting a report after July 1, 2004.

Article 20 (Applicable Examples concerning Reduction or Exemption of Corporate Tax on Foreigners' Investment)

The amended provisions of Article 116 - 2 shall apply from the portion of applying for tax reduction or exemption after the enforcement of this Decree: Provided, That the amended provisions of Article 116 - 2 (10) shall apply from the portion of making a new foreigner's investment under the Foreign Investment Promotion Act.

Article 21 (Applicable Examples concerning Standards, etc. for Tax Exemption for Prices of Technology Introduction)

The amended provisions of Article 116 - 12 (2) and (3) shall apply from the portion of applying for tax exemption after the enforcement of this Decree.

Article 22 (Applicable Examples concerning Scope of Locating Enterprise in Jeju High - Tech Science and Technology Complex)

The amended provisions of Article 124 (1) shall apply from the portion of investments after the enforcement of this Decree.

Article 23 (Applicable Examples concerning Exclusion from Tax Reduction or Exemption for Investment in Overconcentration Control Region in Seoul Metropolitan Area)

The amended provisions of Articles 116 - 14 and 116 - 15 shall apply from the portion of locating after the enforcement of this Decree.

Article 24 (Applicable Examples concerning Exclusion of Interest Paid by Excessively Indebted Corporation from Deductible Expenses)

The amended provisions of Article 129 (6) 24 and 25 shall apply from the portion of taxable year whereto belongs the enforcement date of this Decree.

Article 25 (Applicable Examples concerning Special Taxation for Undersea Mineral Resources Development)

The amended provisions of Article 133 - 2 shall apply from the portion of applying for a tax exemption after the enforcement of this Decree.

Article 26 (Applicable Examples concerning Expansion of Expenses, etc. Subject to Inclusion of Reserves for Research and Manpower Development)

The amended provisions of the attached Tables 5 and 6 shall apply from the portion of occurrence after the enforcement of this Decree.

Article 27 (Transitional Measures concerning Special Taxation for Technology Capital Gains)

Former provisions shall, not later than an expiration of the relevant lease and provision period, govern the portion of transfer, lease or provision of a secret technical process under the former provisions of Article 11 at the time of

enforcement of this Decree, notwithstanding the amended provisions of Article 11 (1).

Article 28 (Transitional Measures concerning Special Taxation of Corporate Tax on Relocation of Corporate Headquarters Outside Overconcentration Control Region of Seoul Metropolitan Area)

Former provisions may be applicable, notwithstanding the amended provisions of Article 57 (8), in the case of a corporation which has transferred the headquarters and principal offices located in the overconcentration control region of the Seoul Metropolitan area before the enforcement of this Decree.

Article 29 (Transitional Measures concerning Additional Collection of Reduced or Exempted Tax Amount for Relocation of Corporation's Factory and Headquarters Outside Seoul Metropolitan Area)

Former provisions may be applicable to the case of the factory and headquarters of a corporation which has relocated outside the Seoul Metropolitan area before the enforcement of this Decree.

Article 30 (Transitional Measures, etc. concerning Exemption of Value - added Tax)

(1) Where any business operator, who is converted into a business operator exempted from the value - added tax or to whom the tax - free business is added under the amended provisions of Article 106 (5) and (7) 38, uses the goods acquired before enforcement of this decree directly for the relevant business exempted from the value - added tax, Articles 15 (1) 1 and 63 of the Enforcement Decree of the Value - Added Tax Act shall not be applied.

(2) In connection with the person to be converted into a business operator exempted from the value - added tax under the amended provisions of Article 106 (5) and (7) 38, the head of tax office having jurisdiction over a business place shall revoke the business registration of relevant business place promptly after the enforcement of this Decree, and recover the delivered business registration.

Article 31 (Transitional Measures, etc. Pursuant to Addition of Taxable Business to Substitute Organizations of Government Affairs)

(1) Any business operator to whom a business to which a taxable business for value - added tax is added under the amended provisions of Article 106 (8) (proviso) shall file an amended report on business registration with the head of competent tax office not later than from January 1, 2005 to January 20, 2005, and the head of

competent tax office in receipt of the said report shall deliver an amended business registration certificate within seven days.

(2) With regard to the goods or services on which the value - added tax is imposed under the amended provisions of Article 106 (8) (proviso), if the period for their supply arrives from January 1, 2005 and before the delivery of the of business registration certificate under paragraph (1), the said supply period shall be January 31, 2005.

Article 32 (Transitional Measures concerning Approval for Trade of Tax - free Gold Bullion)

For the person who has obtained an approval under the previous pro - visions of Article 106 - 4 (4) at the time of enforcement of this Decree, it shall be deemed to have obtained an approval not later than the time when six months elapse after the enforcement of this Decree, notwithstanding the amended provisions of Article 106 - 4 (4) and (5).

ADDENDA <No. 18207, 30. Dec, 2003 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2004.

Articles 2 through 6 Omitted.

ADDENDA <No. 18312, 17. Mar, 2004 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 18373, 24. Apr, 2004 >

(1) (Enforcement Date) This Decree shall enter into force on the date of its promulgation.

(2) (General Applicability) The amended provisions for the value - added tax shall apply from the portion of supplying or being supplied the commodities or services, or of making an import declaration of commodities after the enforcement of this Decree.

(3) (Applicable Examples concerning Exemption of Value - Added Tax on Port Authority) The amended provisions of Article 106 (7) 39 shall apply from the

portion of taxable period whereto belongs the enforcement date of this Decree.

(4) (Applicable Examples concerning Noninclusion of Interests Paid by Corporation Having Excessive Borrowings in Calculation of Deductible Expenses) The amended provisions of Article 129 (6) 18 - 2 shall apply from the portion of taxable year whereto belongs the enforcement date of this Decree.

ADDENDA <No. 18408, 05. Jun, 2004 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 25 (2) 11 shall enter into force on January 1, 2005.

Article 2 (Applicable Examples concerning Scope of Small or Medium Enterprises)

The amended provisions of Article 2 (1) shall apply from the portion of taxable year whereto belongs the enforcement date of this Decree.

Article 3 (Applicable Examples concerning Foreign Engineers Exempted from Income Tax)

The amended provisions of Article 16 (1) 3 (e) and (f) shall apply from the portion of the income with respect to the labor offered after the enforcement of this Decree.

Article 4 (Applicable Examples concerning Inclusion of Infrastructure Investment Reserves in Deductible expenses)

The amended provisions of Article 25 (2) 11 shall apply from the portion to be included in the deductible expenses of the taxable year that starts from and after January 1, 2005.

Article 5 (Applicable Examples concerning Tax Credit for Investment in Facilities to Promote Employees' Welfare)

The amended provisions of Article 94 (1) 2 shall apply from the portion of the investment made in the taxable year whereto belongs the enforcement date of this Decree.

Article 6 (Applicable Examples concerning Tax Credit, etc. of Expenses for Research and Human Resources Development)

The amended provisions of the attached Tables 5 and 6 shall apply from the portion occurring in the taxable year whereto belongs the enforcement date of this Decree.

ADDENDA <No. 18428, 11. Jun, 2004 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2004.

Article 2 Omitted.

ADDENDA <No. 18437, 22. Jun, 2004 >

(1) (Enforcement Date) This Decree shall enter into force on June 23, 2004.

(2) through (4) Omitted.

ADDENDA <No. 18457, 29. Jun, 2004 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2004. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 18557, 05. Oct, 2004 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions of this Decree for the income tax and corporate tax shall apply from the portion of any taxable year which commences after the enforcement of this Decree.

(2) The amended provisions of this Decree for the value - added tax shall apply from the portion of supplying or being supplied commodities or services, or of making an import declaration of commodities, after the enforcement of this Decree.

Article 3 (Applicable Examples concerning Scope of Small or Medium Enterprises)

The amended provisions of Article 2 shall apply from the portion of a taxable year whereto belongs the enforcement date of this Decree.

Article 4 (Applicable Examples concerning Temporary Tax Credit for Investment)

(1) The amended provisions of Article 23 (1) shall apply from the portion of investment which commences after July 1, 2004: Provided, That with regard to the investment in progress as of July 1, 2004, which has commenced after July 1, 2000, the amended provisions of Article 23 (1) shall also apply even to the portion of investment after July 1, 2004.

(2) In applying the amended provisions of Article 23 (1), if the investment is not completed on the basis of December 31, 2004, the portion of investment made not later than December 31, 2004 shall be deemed to be completed as of December 31, 2004. In this case, Article 4 (3) shall apply mutatis mutandis to the calculation of the investment amount.

Article 5 (Applicable Examples concerning Reduction or Exemption of Tax for Start - Up Enterprises Having Noticeable Effect on Creation of Employment)

The amended provisions of Article 27 - 2 shall apply to enterprises which are established on or after July 1, 2004.

Article 6 (Applicable Examples concerning Special Tax Deduction for Increase in Employment)

The amended provisions of Articles 27 - 3 and 27 - 4 shall apply from the taxable year whereto belongs July 26, 2004.

Article 7 (Applicable Examples concerning Requirements, etc. for Livelihood Savings)

The amended provisions of Article 82 - 2 (1) shall apply from the portion of opening the savings account after July 26, 2004.

Article 8 (Applicable Examples concerning Special Taxation of Value - added Tax on Gold Bullion Trade)

The amended provisions of Article 106 - 3 (2) and (4) shall apply from the portion of submitting an application for the approval of trade after the enforcement of this Decree.

Article 9 (Applicable Examples concerning Purchase Value - added Tax Deduction on Used Automobiles)

The amended provisions of the proviso of Article 110 (2) shall apply from the portion of the taxable period whereto belongs the enforcement date of this Decree.

Article 10 (Applicable Examples concerning Increase in Purchase Value - added Tax Deduction Rate on Used Automobiles)

Where a business operator who trades or exports used automobiles after July 1, 2004 makes a return of a value - added tax pursuant to the former provisions, he/she may be accorded an additional deduction of a purchase tax amount corresponding to the difference of the deduction rate at the time of making a return, payment, or request for revision for the first time after the enforcement of this Decree.

ADDENDA <No. 18594, 03. Dec, 2004 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 18669, 05. Jan, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 18704, 19. Feb, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the following amended provisions shall enter into force on the date that is set by the relevant subparagraph: <Amended by Presidential Decree No. 19213, Dec. 30, 2005 >

1. The amended provisions of Article 51 - 2 shall enter into force on the date on which the Real Estate Investment Company Act amended by the Act No. 7243 enters into force;
2. The amended provisions of Articles 106 - 4 (8) 2 and 106 - 6 through 106 - 8 shall enter into force on April 1, 2005;
3. The amended provisions of Articles 116 - 2 (8), (17) and (18), 116 - 21 through 116 - 24 shall enter into force on the date on which the Special Act on the Development of Enterprise Cities amended by the Act No. 7310 enters into force;

4. The amended provisions of Article 121 - 2 (5) 6 shall enter into force on January 1, 2006.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and the corporate tax in this Decree shall apply, beginning from the portion of the taxable year that begins after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

(2) The amended provisions concerning the value - added tax in this De - cree shall apply, beginning from goods and services that are supplied or on which an import declaration is filed after the date on which the Re - striction of Special Taxation Act amended by the Act No. 7322 enters into force.

(3) The amended provisions concerning the capital gains tax in this Decree shall apply, beginning from the property that is transferred after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

(4) The amended provisions concerning the acquisition tax and the registration tax in this Decree shall apply, beginning from the portion that is acquired or registered after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

(5) The amended provisions concerning the property tax and the composite land tax in this Decree shall apply, beginning from the portion that is registered or acquired after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 3 (Applicable Examples concerning Scope of Small or Medium Enterprises)

The business of treating construction wastes provided for in the Construction Waste Recycling Promotion Act from among the amended provisions of Article 2 shall apply, beginning from anyone who is licensed to run the business after the date on which the Restriction of Special Taxation Act amended by Act No. 7322 enters into force.

Article 4 (Applicable Examples concerning Reduction and Exemption of Tax Amount for Start - Up Small or Medium Enterprises, etc.)

(1) The amended provisions of Article 5 (9) shall apply, beginning from any start - up enterprise that is incorporated after July 1, 2004.

(2) The amended provisions of Article 5 (10) and (11) shall apply, beginning from any start - up enterprise that is incorporated after the date on which the Restriction

of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 5 (Applicable Examples concerning Scope of Investment in Environment and Safety Facilities and Equipment, etc.)

The amended provisions of Article 22 shall apply, beginning from the portion of any investment that is made after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 6 (Applicable Examples concerning Temporary Tax Credit for Investment)

(1) The amended provisions of Article 23 (1) shall apply, beginning from the portion of any investment that begins to be made after January 1, 2005: Provided, That with respect to any investment is in progress as of January 1, 2005 and such investment is made after July 1, 2000, the amended provisions of Article 23 (1) shall apply even to the portion of any investment that is made after January 1, 2005.

(2) In the application of the amended provisions of Article 23 (1), in case where any investment is not yet to be completely made as of December 31, 2005, the portion of the investment that is made by December 31, 2005 shall be deemed completed as of December 31, 2005 and Article 23 (3) shall apply thereto.

Article 7 (Applicable Examples concerning Additional Collection of Reduced or Exempted Tax of Corporation Whose Main Office Is Relocated)

The amended provisions of Articles 60 - 2 (8) and (12) 5 shall apply, beginning from the portion of the main office that is relocated out of the densely populated capital area to other area in the taxable year that belongs to the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 is promulgated.

Article 8 (Applicable Examples concerning Special Case of Inclusion of Contributions in Deductable Expenses)

The amended provisions of Article 69 - 2 (3) shall apply, beginning from the portion that is expended in the taxable year that belongs to the date on which the Restriction of Special Taxation Act amended by the Act No. 7220 enters into force.

Article 9 (Applicability to Provisions Governing Special Case of Taxation on Capital Gains Tax to Real Estate Used for Public Project in Designated Area)

The amended provisions of Article 79 - 2 of this Decree shall apply, beginning from the portion for which the deadline of the final return of the tax base for the capital gains tax arrives after the enforcement of the Restriction of Special Taxation Act amended by the Act No. 7322.

Article 10 (Applicable Examples concerning Ways, etc. to Withhold Dividend Income of Ship Investment Companies)

The amended provisions of Article 81 - 4 shall apply, beginning from the portion of the returned income is paid in the taxable year that belongs to the date on which this Decree enters into force.

Article 11 (Applicable Examples concerning Special Case of Withholding Tax - Favored Comprehensive Savings)

The amended provisions of Article 83 shall apply, beginning from the portion of savings that are subscribed after the enforcement of this Decree.

Article 12 (Applicable Examples concerning Scope of Lottery Prize Income and Other Income, etc. Eligible for Separation Taxation)

The amended provisions of Article 93 shall apply, beginning from the portion of the lottery prize that is won in the taxable year that belongs to the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 is promulgated.

Article 13 (Applicable Examples concerning Scope of Commissioned Transport Expenses)

The amended provisions of Article 103 shall apply, beginning from the portion from which expenses accrue after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 14 (Applicable Examples concerning Tax Credit for Payment Record)

The amended provisions of Article 104 - 2 shall apply, beginning from the portion that is submitted after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 15 (Applicable Examples concerning Tax Credit for Electronic Return)

The amended provisions of Article 104 - 5 shall apply, beginning from the portion on which the electronic return is filed in the taxable year that belongs to the date on which this Decree enters into force.

Article 16 (Applicable Examples concerning Inclusion of Cultural Business Reserves in Deficit)

The amended provisions of Article 104 - 6 shall apply, beginning from the portion whose deficit is included in the taxable year that belongs to the date on which the Restriction of Special Taxation Act amended by the Act No. 7220 enters into force.

Article 17 (Applicable Examples concerning Deadline for Submitting Statement Detailing Fact of Recommending Gold Bullion)

The amended provisions of Articles 106 - 3 (12), and 106 - 4 (2), (5) and (9) shall apply, beginning from the portion that is submitted after the enforcement of this Decree.

Article 18 (Applicable Examples concerning Submission of Application for Approving Transaction of Tax - Free Gold Bullion)

The amended provisions of Article 106 - 4 (1) and (4) shall apply, beginning from the portion in which anyone who obtains approval pursuant to the former provisions at the time of the enforcement of this Decree or any other one who obtains new approval after the enforcement of this Decree enters the required quantity of the monthly average tax - free gold bullion for three months of 2005.

Article 19 (Applicable Examples concerning Withdrawal of Approval for Gold Craftsmen and Recommenders of Transaction of Gold Bullion, etc.)

The amended provisions of Article 106 - 4 (7) and (8) shall apply, beginning from the portion for which approval is withdrawn after the enforcement of this Decree.

Article 20 (Applicable Examples concerning Standards for Tax Reduction and Exemption, etc.)

(1) The amended provisions of Article 116 - 2 (2) shall apply, beginning from the portion in which any foreign investment is reported after the enforcement of this Decree.

(2) The amended provisions of Article 116 - 2 (16) shall apply, beginning from the portion in which any foreign investment is reported after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 21 (Applicable Examples concerning Tax Reduction or Exemption on Capital Increase)

The amended provisions of Article 116 - 6 (3) shall apply, beginning from the portion on which the general meeting of shareholders or the general meeting of employees votes on paid - in capital decrease after the enforcement of this Decree.

Article 22 (Applicable Examples concerning Income Deduction on Amount Spent by Means of Credit Cards, etc.)

(1) Of the amended provisions of Article 121 - 2 (excluding paragraph (5) 6 of the same Article), the portion on which Cash Receipts are used shall apply, beginning

from the portion on which they are used after January 1, 2005. <Amended by Presidential Decree No. 19213, Dec. 30, 2005 >

(2) The amended provisions of Article 121 - 2 (5) 6 shall apply to the amount spent on or after December 1, 2006. <Newly Inserted by Presidential Decree No. 19213, Dec. 30, 2005; Presidential Decree No. 19811, Dec. 30, 2006 >

Article 23 (Applicable Examples concerning Deduction of Value - Added Tax Amount, etc. for Cash Receipt Business Operators)

The amended provisions of Article 121 - 3 shall apply, beginning from the portion that is settled after the enforcement of this Decree.

Article 24 (Applicable Examples concerning Exclusion, etc. of Tax Reduction or Exemption from Investment in Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 124 shall apply, beginning from the portion that is invested after the date on which the Restriction of Special Taxation Act amended by the Act No. 7322 enters into force.

Article 25 (Applicable Examples concerning Tax Credit, etc. for Research and Manpower Development Expenses)

The amended provisions of the attached Tables 5 and 6 shall apply, starting with the taxable year during which the tax base is returned after the enforcement of this Decree.

Article 26 (Transitional Measures concerning Additional Collection of Reduced or Exempted Tax of Corporation Whose Main Office Is Relocated)

Where the amended provisions of Article 63 - 2 of the Restriction of Special Taxation Act amended by the Act No. 7322 are applied, the amended provisions of Article 60 - 2 shall apply, and where the former provisions of Article 63 - 2 of the Restriction of Special Taxation Act amended by the Act No. 7322 are applied, the former provisions of Article 60 - 2 shall be applied.

ADDENDA <No. 18736, 08. Mar, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 18740, 18. Mar, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 18796, 22. Apr, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 18919, 30. Jun, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2005.

Articles 2 through 6 Omitted.

ADDENDA <No. 19023, 31. Aug, 2005 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 19213, 30. Dec, 2005 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 19256, 31. Dec, 2005 >

(1) (Enforcement Date) This Decree shall enter into force on January 1, 2006.

(2) (Applicable Examples concerning Requirements, etc. for Reduction or Exemption from Capital Gains Tax on Substitute Land for Farmland) This Decree shall be applied beginning from the portion of transfer first made after the enforcement of this Decree.

ADDENDA <No. 19321, 08. Feb, 2006 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 19329, 09. Feb, 2006 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 106 (8) 5 and 7 shall enter into force on July 1, 2006 and the amended provisions of Article 2 (excluding the main sentence of paragraph (1) with the exception of each subparagraph and paragraph (5)) shall enter into force on January 1, 2007.

Article 2 (General Application Examples)

(1) The amended provisions concerning the income tax and the corporate tax in this Decree shall apply, beginning with the portion of the taxable year that begins after the date on which the Restriction of Special Taxation Act that is partially amended by Act No. 7839 enters into force.

(2) The amended provisions concerning the value - added tax in this Decree shall apply, beginning with the portion of the goods and services that are first supplied or the portion of the goods on which an import declaration is filed after the enforcement of this Decree.

(3) The amended provisions concerning the capital gains tax and the gift tax in this Decree shall apply, beginning with the portion that is transferred or donated after the date on which the Restriction of Special Taxation Act that is partially amended by Act No. 7839 enters into force.

Article 3 (Applicable Examples concerning Scope of Small or Medium Enterprises)

The amended provisions of the main sentence of Article 2 (1) with the exception of each subparagraph shall apply, beginning with the portion of the taxable year that ends after the enforcement of this Decree.

Article 4 (Applicable Examples concerning Grace Period During Which Enterprises Are Deemed Small or Medium Enterprises)

- (1) The amended provisions of the proviso to Article 2 (1) with the exception of each subparagraph shall apply, beginning with the portion that falls under a case where the total amount of assets is at least 500 billion won after January 1, 2007.
- (2) The amended provisions of Article 2 (2) 4 shall apply, beginning with the portion that is started up after January 1, 2007.

Article 5 (Applicable Examples concerning Non - Taxation of Interest Income Accrued From International Financial Transactions)

The amended provisions of Article 18 (1) shall apply, starting with the portion of the income that first accrues after the enforcement of this Decree.

Article 6 (Applicable Examples concerning Temporary Tax Amount Deduction for Investments)

The amended provisions of Article 23 shall apply, beginning with the portion in which investment begins after January 1, 2006: Provided, That with respect to any investment that is in progress as of January 1, 2006, which begins after July 1, 2000, the amended provisions of Article 23 shall also apply to the portion of the investment that is made after January 1, 2006.

Article 7 (Applicable Examples concerning Inclusion of Reserves for Social Overhead Capital Investment in Amount of Deficit)

The amended provisions of Article 25 (2) 12 shall apply, beginning with the portion that is first included in the amount of deficit after the enforcement of this Decree.

Article 8 (Applicable Examples concerning Carry - Over Taxation of Capital Gains Tax on Conversion into Corporation)

The amended provisions of Article 29 (2) shall apply, beginning with the portion that is first transferred after the enforcement of this Decree.

Article 9 (Applicable Examples concerning Special Cases on Taxation on In - Kind Investment)

The amended provisions of Article 35 (1) shall apply, beginning with the portion in which the in - king investment is first made after the enforcement of this Decree.

Article 10 (Applicable Examples concerning Reduction of or Exemption from Capital Gains Tax on Self - Cultivating Farmland)

The amended provisions of Article 66 (1) and (12) shall apply, beginning with the portion that is first transferred after the enforcement of this Decree.

Article 11 (Applicable Examples concerning Reports on Special Cancellation of Private Annuity Savings)

The amended provisions of Articles 80 (5) and (8), 80 - 2 (4) and (8), 81 (2) and (5) and 83 (4) and (10) shall apply, beginning with the portion of which the grounds accrue after the enforcement of this Decree.

Article 12 (Applicable Examples concerning Merger of Tax - Favored In - vestment Trusts)

The amended provisions of Articles 80 (6), 80 - 2 (7), 81 (3) and 83 (9) shall apply, beginning with the portion of the investment trusts that are first merged after the enforcement of this Decree.

Article 13 (Applicable Examples concerning Income Deduction on Private Annuity Savings)

The amended provisions of Articles 80 (7), 80 - 2 (9) and 121 - 2 (10) shall apply, beginning with the portion that is paid for the income deduction for the first income accrued during the taxable period to which the date on which this Decree enters into force belongs.

Article 14 (Applicable Examples concerning Long - Term Savings for Pur - chasing Housing)

The amended provisions of Article 81 (1) 1 shall apply, beginning with the portion that is first subscribed after the enforcement of this Decree.

Article 15 (Applicable Examples concerning Tax Deduction for Payment Records)

The amended provisions of Article 104 - 2 (2) shall apply, beginning with the portion that is submitted during the taxable period to which the date on which this Decree enters into force belongs.

Article 16 (Applicable Examples concerning Tax Deduction on Electric Return)

The amended provisions of Article 104 - 5 (5) shall apply, beginning with the portion that is submitted during the taxable period to which the date on which this Decree

enters into force belongs.

Article 17 (Applicable Examples concerning Application Scope of Special Cases on Computing Tax Base of Corporate Tax for Shipping Enterprises)

The amended provisions of the proviso to Article 104 - 7 (1) 2 shall apply, beginning with the portion for which an application is first filed for the application of the special case on computing the tax base after the enforcement of this Decree.

Article 18 (Applicable Examples concerning Special Cases on Computing Tax Base of Corporate Tax for Shipping Enterprises)

The amended provisions of Article 104 - 8 (8) shall apply, beginning with the portion for which an interim tax prepayment is first made after the enforcement of this Decree.

Article 19 (Applicable Examples concerning Coordination of Scale of National Housing)

The amended provisions of Article 106 (5) shall apply, beginning with the portion for which the construction service (including the remodeling service) is first rendered for the national housing and the relevant housing after the enforcement of this Decree.

Article 20 (Applicable Examples concerning Standards, etc. for Tax Reduction or Exemption)

The amended provisions of Article 116 - 2 (5) 4 shall apply, beginning with the portion on which a report on foreign investment is first made after the enforcement of this Decree.

Article 21 (Applicable Examples concerning Additional Collection of Reduced or Exempted Tax Amount for Foreign Investment)

The amended provisions of Article 116 - 7 shall apply, beginning with the portion for which a ground for the additional collection first occurs after the enforcement of the Restriction of Special Taxation Act that is partially amended by Act No. 7839.

Article 22 (Applicable Examples concerning Exception of Additional Collection of Reduced or Exempted Tax Amount)

The amended provisions of Article 116 - 10 shall apply, beginning with the portion for which a ground for the additional collection first occurs after the enforcement of this Decree.

Article 23 (Transitional Measures concerning Reduction of or Exemption from Capital Gains Tax for Self - Cultivating Farmland)

In the application of the amended provisions of Article 66 (11) and (12), where any farmland has been inherited before this Decree enters into force and such farmland is transferred on or before December 31, 2008, the transfer of such farmland shall be governed by the former provisions, notwithstanding the amended provisions of Article 66 (11) and (12).

ADDENDA <No. 19422, 29. Mar, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on April 1, 2006.

Article 2 Omitted.

ADDENDA <No. 19463, 28. Apr, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on April 30, 2006.

Articles 2 and 3 Omitted.

ADDENDA <No. 19494, 30. May, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 4, 2006.

Articles 2 through 6 Omitted.

ADDENDA <No. 19507, 12. Jun, 2006>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 19563, 29. Jun, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2006.

Articles 2 through 8 Omitted.

ADDENDA <No. 19714, 26. Oct, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 29, 2006.

Articles 2 through 5 Omitted.

ADDENDA <No. 19719, 27. Oct, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on October 29, 2006.

Articles 2 through 6 Omitted.

ADDENDA <No. 19806, 29. Dec, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2007.

Articles 2 through 6 Omitted.

ADDENDA <No. 19811, 30. Dec, 2006>

(1) (Enforcement Date) This Decree shall enter into force on January 1, 2007.

(2) (Applicable Examples concerning Temporary Tax Credit for Investment) The amended provisions of Article 23 (1) shall apply to the investments commenced on or after January 1, 2007: Provided, That the investments made on or after January 1, 2007 shall be governed by the amended provisions of Article 23 (1), if the investments commenced on or after July 1, 2000.

ADDENDA <No. 19888, 28. Feb, 2007>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 23 (1) shall enter into force on September 28, 2007 and the amended provisions of Articles 100 - 2 through 100 - 14 shall enter into force

on January 1, 2008, while the amended provisions of Articles 121 - 3 (11), 121 - 4, and 121 - 5 shall enter into force on July 1, 2007.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax in this Decree shall be applicable to the cases for the taxable year that commences on or after the enforcement date of the partial amendment (Act No. 8146) to the Restriction of Special Taxation Act.

(2) The amended provisions concerning value - added tax in this Decree shall be applicable to the cases of supplying goods or service or receiving such goods or service supplied, and the cases for which an import declaration is filed on or after the enforcement date of this Decree.

(3) The amended provisions concerning capital gains tax and securities transaction tax in this Decree shall be applicable to the cases in which the transfer is made on or after the enforcement date of the partial amendment (Act No. 8146) to the Restriction of Special Taxation Act.

(4) The amended provisions concerning inheritance tax and gift tax in this Decree shall be applicable to the cases in which the inheritance commences or the gift is conveyed on or after the enforcement date of the partial amendment (Act No. 8146) to the Restriction of Special Taxation Act.

(5) The amended provisions concerning gross real estate tax in this Decree shall be applicable to the cases in which the duty to pay the tax arises on or after the enforcement date of the partial amendment (Act No. 8146) to the Restriction of Special Taxation Act.

Article 3 (Applicable Examples concerning Special Taxation on Gain from Discharge of Obligations of Corporations Following Authorization, etc. of Rehabilitation Plan)

The amended provisions of Article 41 shall be applicable to the cases in which obligations are discharged on or after the enforcement date of this Decree.

Article 4 (Applicable Examples concerning Requirements for Reduction or Exemption of Capital Gains Tax on Substituted Farmland)

The amended provisions of Article 67 (3) 1 shall be applicable to the cases in which a parcel of land is substituted by negotiated purchase or expropriation made on or after the enforcement date of this Decree.

Article 5 (Applicable Examples concerning Special Taxation on Members of Employee Stock Ownership Associations, etc.)

The amended provisions of Article 82 - 4 (14) shall be applicable to the dividend income received on or after the enforcement date of this Decree.

Article 6 (Applicable Examples concerning Special Taxation on Non - taxation and With - holding of Income Tax on Dividend Income from Long - held Stocks)

The amended provisions of Article 92 (1) shall be applicable to the dividend income received on or after the enforcement date of this Decree.

Article 7 (Applicable Examples concerning Extension of Scope of Organizations Vicariously Executing Governmental Affairs)

The amended provisions of Article 106 (7) 41 shall be applicable to the cases of supplies provided during the taxable period in which this Decree enters into force and thereafter.

Article 8 (Applicable Examples concerning Procedure for Preliminary Notice before Making Decision on Reduction or Exemption of Tax)

The amended provisions of Article 116 - 3 (2) through (7) shall be applicable to the applications for tax reduction or exemption filed on or after the enforcement date of this Decree.

Article 9 (Applicable Examples concerning Income Deduction for Amount Spent on Credit Card, etc.)

The amended provisions of Article 121 - 2 (3) and (6) 7 shall be enforce - able to the annual total amount spent on credit card, etc. during the year in which this Decree enters into force and thereafter.

Article 10 (Special Exception to Exemption from Securities Transaction Tax)

In applying the amended provisions of Article 115 (1), (2), and (3) to any investment trust instituted or an investment company established before the enforcement date of this Decree, which is not a privately placed fund under Article 175 (1) of the Indirect Investment Asset Management Business Act, it shall be deemed until February 28, 2007 that the requirements under the amended provisions of subparagraphs of Article 115 (1) are fully satisfied, while it shall be deemed, on or after March 1, 2007, that only the requirement under the amended provision of Article 115 (1) 1 is satisfied.

Article 11 (Transitional Measures concerning Special Taxation on Stock Options)

The submission of an application for reduction or exemption of income tax on stock options granted before the enforcement of the partial amendment (Act No. 8146) to the Restriction of Special Taxation Act shall be governed by former provisions, notwithstanding the amended provision of Article 13 (10).

ADDENDA <No. 20105, 26. Jun, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on June 27, 2007.

Article 2 Omitted.

ADDENDA <No. 20120, 28. Jun, 2007 >

This Decree shall enter into force on July 4, 2007.

ADDENDA <No. 20137, 29. Jun, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 20211, 06. Aug, 2007 >

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 80 - 3 and 130 (5) and (6) shall enter into force on September 1, 2007.

ADDENDA <No. 20244, 06. Sep, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 20290, 27. Sep, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on September 28, 2007.

Articles 2 through 5 Omitted.

ADDENDA <No. 20300, 28. Sep, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 4, 2007.

Articles 2 through 7 Omitted.

ADDENDA <No. 20351, 31. Oct, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation

Articles 2 through 9 Omitted.

ADDENDA <No. 20388, 16. Nov, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 18, 2007.

Articles 2 and 3 Omitted.

ADDENDA <No. 20398, 30. Nov, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation

Articles 2 and 3 Omitted.

ADDENDA <No. 20428, 30. Nov, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation

Articles 2 through 7 Omitted.

ADDENDA <No. 20516, 31. Dec, 2007 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2008.

Articles 2 through 7 Omitted.

ADDENDA <No. 20544, 11. Jan, 2008 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 20, 2008. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 20620, 22. Feb, 2008 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 106 - 9 through 106 - 11 and 121 - 3 (7), (10) and (11) shall enter into force on July 1, 2008, and the amended provisions of Section 10 - 3 of Chapter II (Articles 100 - 15 through 100 - 27) and Article 117 shall enter into force on January 1, 2009.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax in this Decree shall apply beginning with the taxable year that commences after Act No. 8827, partial amendment to the Restriction of Special Taxation Act (hereinafter referred to as "amended Act") enters into force.

(2) The amended provisions concerning value - added tax in this Decree shall apply beginning with the portion for which goods and services are supplied or are received, or goods are declared for import for the first time after this Decree enters into force.

(3) The amended provisions concerning capital gains in this Decree shall apply beginning with the portion that is transferred for the first time after this Decree enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Decree shall apply beginning with the portion for which inheritance commences or gift is made for the first time after this Decree enters into force.

(5) The amended provisions concerning property tax and gross real estate tax in this Decree shall apply beginning with the portion for which the liability to pay taxes lies for the first time after this Decree enter into force.

Article 3 (Applicability concerning Scope of Small or Medium Enterprises)

(1) The amended provision of Article 2 (1) 3 shall apply beginning with the portion of the taxable year that expires after January 1, 2009.

(2) The amended provision of Article 2 (5) shall apply beginning with the portion for which the reasons occur for the first time after this Decree enters into force.

Article 4 (Applicability concerning Special Cases of Taxation of Gift Tax on Start - Up Fund and Succession to Family Business)

The amended provisions of Articles 27 - 5 and 27 - 6 shall apply beginning with the portion for which gift is made after the amended Act enters into force, and for which gift tax is declared for the first time after this Decree enters into force.

Article 5 (Applicability concerning Provision of Reduced or Exempted Corporate Tax, etc. or Additional Charge where Factory or Main Office of Corporation Moves Outside Seoul Metropolitan Area)

(1) The amended provision of proviso to the part other than the sub - paragraphs of Article 60 - 2 (1) shall apply beginning with the portion for which main office or factory is transferred for the first time after this Decree enters into force.

(2) The amended provisions of Article 60 - 2 (14) and (15) shall apply beginning with the portion for which the reasons of additional charge occur for the first time after this Decree enters into force.

Article 6 (Applicability concerning Reduction or Exemption of Tax for Incorporated Agricultural Company)

The amended provision of Article 65 shall apply beginning with the portion that is reported for the first time after this Decree enters into force.

Article 7 (Applicability concerning Reduction or Exemption of Capital Gains Tax on Land, etc. for Public Interest Projects)

The amended provision of Article 72 shall apply beginning with the portion that is transferred after July 6, 2007.

Article 8 (Applicability concerning Special Cases of Taxation of Capital Gains Tax on Compensation with Substitute Land)

The amended provision of Article 73 shall apply beginning with the portion that is transferred after October 17, 2007.

Article 9 (Applicability concerning Special Cases of Taxation for Relocation of Factories in District Slated for Development of Multifunctional Administrative City and Innovation City to Rural Areas)

The amended provision of Article 79 - 3 shall apply beginning with the portion that is relocated or transferred for the first time after the amended Act enters into force.

Article 10 (Applicability concerning Special Cases of Taxation to Relocation of Factory following Expropriation, etc. for Public Service Project)

The amended provision of Article 79 - 8 shall apply beginning with the portion that is relocated or transferred for the first time after the amended Act enters into force.

Article 11 (Applicability concerning Cancellation, etc. of Investment Trust Not Deemed as Cancellation of Savings)

The amended provision of Article 80 (6) shall apply beginning with the portion for which investment trust is cancelled or merged after this Decree enters into force.

Article 12 (Applicability concerning Scope, etc. of Long - Term Savings for Purchasing House)

The amended provision of Article 81 (8) shall apply beginning with portion for which participation is made for the first time after this Decree enters into force.

Article 13 (Special Cases of Application of Special Cases of Taxation for Partnership Firms) Notwithstanding the amended provision of Article 100 - 16, an enterprise which was established before December

Article 14 (Applicability concerning Procedure of Request for Correction, etc. to Apply Non - Taxation, Exemption or Limited Tax Rate to Partner who is Non - Resident or Foreign Corporation)

The amended provision of Article 100 - 25 shall apply beginning with the portion for which it is withheld after January 1, 2009.

Article 15 (Applicability concerning Special Cases of Taxation of Tax Amount Indirectly Paid in Foreign Country)

The amended provision of Article 104 - 3 shall apply beginning with the amount of revenue dividend that a domestic corporation receives for the first time after this Decree enters into force.

Article 16 (Applicability concerning Submission of Payment Record)

The amended provision of Article 104 - 2 (2) shall apply beginning with the portion for which payment record is submitted for the first time after this Decree enters into force.

Article 17 (Applicability concerning Tax Credit for Digital Report)

The amended provision of Article 104 - 5 (5) shall apply beginning with the portion reported in the taxable year to which the enforcement date of this Decree belongs.

Article 18 (Applicability concerning Standards, etc. for Reduction or Deduction of Tax)

The amended provisions of Article 116 - 2 (3) and (5) shall apply beginning with the portion for which foreign investment is made for the first time after this Decree enters into force.

Article 19 (Applicability concerning Deduction of Income for Amount Spent on Credit Cards, etc.)

The amended provisions of Article 121 - 2 (1) and (6) shall apply beginning with the portion that is calculated as the annual sum total of amount spent on credit cards, etc. to which the enforcement date of this Decree belongs.

Article 20 (Applicability concerning Verification, etc. of Cash Transaction)

The amended provisions of Article 121 - 5 (7) through (9) shall apply beginning with the details of revenue amount submitted for the first time after this Decree enters into force.

ADDENDA <No. 20720, 29. Feb, 2008 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 8 Omitted.

ADDENDA <No. 20743, 10. Mar, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability concerning Temporary Tax Credit for Investment)

The amended provisions of Article 23 (1) and (9) shall apply beginning with the portion that commences investment after January 1, 2008: Provided, That to those in which the investment that began after July 1, 2000 is under way as of January 1, 2008, the amended provisions of Article 23 (1) and (9) shall also apply to the portion in which investment is made after January 1, 2008.

ADDENDA <No. 20774, 30. Apr, 2008>

This Decree shall enter into force on May 1, 2008: Provided, That the amended provisions of Articles 112 - 2 (3), (4), (6), (10), (11) and (12), and 112 - 3 (1), (2), (6) and (7) shall enter into force on the date of its promulgation.

ADDENDA <No. 20854, 20. Jun, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 22, 2008.

Articles 2 through 6 Omitted.

ADDENDA <No. 21064, 07. Oct, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability concerning Temporary Tax Credit for Investment)

The amended provision of Article 23 (1) shall apply beginning from the investment that is made after January 1, 2008: Provided, That as for the investment that is in progress as of January 1, 2008, which started on or after July 1, 2000, the amended provision of Article 23 (1) shall apply even to the investment that is made on or after January 1, 2008.

Article 3 (Applicability concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Sub - compact cars and Mini Trucks)The part concerning refund of traffic, ene

Article 4 (Applicability concerning Tax Credit for Research and Human Development Cost)

The amended provision of the attached Table 6 shall apply beginning from the portion that occurs in the taxable year to which the date when this Decree enters into force belongs.

ADDENDA <No. 21196, 31. Dec, 2008 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provision of Article 23 shall enter into force on January 1, 2009.

Article 2 (Applicability concerning Temporary Tax Credit for Investment)

The amended provisions of Article 23 (1) and (2) shall apply beginning from the investment that is made after January 1, 2009: Provided, That the investment that is in progress as of January 1, 2009, which started on or after July 1, 2000, the amended provisions of Article 23 (1) and (2) shall apply even to the investment that is made on or after January 1, 2009.

Article 3 (Applicability concerning Reduction or Exemption of Capital Gains Tax for Self - Cultivating Farmland)

The amended provision of Article 66 (7) shall apply beginning from the transfer that is made for the first time in the taxable year to which the date when this Decree enters into force belongs.

Article 4 (Applicability concerning Income Deduction for Amount Paid by Credit Card, etc.)

The amended provision of Article 121 - 2 (6) shall apply beginning from the amount calculated as annual total paid by credit card, etc. in the taxable year to which the date when this Decree enters into force belongs.

ADDENDA <No. 21214, 31. Dec, 2008 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 21252, 06. Jan, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 21263, 14. Jan, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <No. 21307, 04. Feb, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 106 - 9 (6) shall enter into force on April 1, 2009, the amended provisions of Article 106 - 9 (1) and (7) shall enter into force on July 1, 2009, and the amended provisions of Article 6 (5) 2 shall enter into force on January 1, 2010,

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax from among this Decree shall apply beginning from the portion for the taxable year that begins after the Restriction of Special Taxation Act (Act No. 9272) (hereinafter referred to as "amended Act") entered into force.

(2) The amended provisions concerning the value - added tax from among this Decree shall apply beginning from the supply of goods or services, the case of being supplied with goods or services or the case of import declaration of goods that is done for the first time after this Decree enters into force.

(3) The amended provisions concerning the capital gains tax from among this Decree shall apply beginning from the first transfer after this Decree enters into force.

(4) The amended provisions concerning the inheritance tax and gift tax from among this Decree shall apply beginning from the first inheritance and donation after this Decree enters into force.

(5) The amended provisions concerning the property tax and gross real estate tax from among this Decree shall apply beginning from the portion for which liability to pay taxes comes into being for the first time after this Decree enters into force.

(6) The amended provisions concerning the special cases of taxation on partnership firms under Section 10 - 3 of Chapter II from among this Decree shall apply beginning from the special cases of taxation on partnership firms that is applied for the first time after the amended Act enters into force.

Article 3 (Applicability concerning Extent of Small or Medium Enterprises)

The amended provisions of Article 2 (1) shall apply beginning from the portion for the taxable year that comes to an end after this Decree enters into force.

Article 4 (Applicability concerning Special Tax Reduction or Exemption for Small or Medium Enterprises)

The amended provisions of the proviso to the part other than subparagraphs of Article 6 (5) shall apply beginning from the portion for the taxable year that begins after this Decree enters into force, and the amended provision of Article 6 (5) 2 shall apply beginning from the portion for the taxable year that begins after January 1, 2010.

Article 5 (Applicability concerning Reduction or Exemption of Capital Gains Tax for Self - Cultivating Farmland)

The amended provisions of Article 66 (11) and (12) shall apply beginning from the portion that is transferred for the first time after January 1, 2009.

Article 6 (Applicability concerning Tax Credit for Investment in Facilities to Promote Employees' Welfare)

The amended provisions of Article 94 (2) shall apply beginning from the investment that is made for the first time after this Decree enters into force.

Article 7 (Applicability concerning Special Cases of Taxation of Tax Amount Indirectly Paid in Foreign Country)

The amended provisions of Article 104 - 3 (1) and (3) shall apply beginning from the dividend that is received for the first time after this Decree enters into force.

Article 8 (Applicability concerning Tax Credit for Digital Report)

The amended provisions of Article 104 - 5 (5) shall apply beginning from the digital report that is made by a certified tax accountant in lieu of taxpayer after January 1, 2009.

Article 9 (Applicability concerning Special Cases of Calculating Tax Base of Corporate Tax for Shipping Enterprises)

(1) The amended provisions of Article 104 - 7 (2) 2 (e) shall apply beginning from the sale of ship that is done for the first time after this Decree enters into force.

(2) The amended provisions of Article 104 - 7 (5) shall apply beginning from the request for the application of special cases of calculating tax base that is made for the first time after this Decree enters into force.

Article 10 (Applicability concerning Exemption, etc. from Value - Added Tax)

(1) The amended provisions of Article 106 (4) 3 shall apply beginning from the portion that is contracted and supplied for the first time after this Decree enters into force.

(2) The amended provisions of Article 106 (7) 43 shall apply beginning from the portion for which tax base is reported, decided or corrected for the first time after this Decree enters into force.

Article 11 (Applicability concerning Establishment, etc. of Gold Transaction Account)

(1) The amended provisions of Article 106 - 9 (2) shall apply beginning from the portion for which gold transaction account is used for the first time after this Decree enter into force.

(2) The amended provisions of Article 106 - 9 (3) shall apply beginning from the portion that is established or cancelled for the first time after this Decree enters into force.

Article 12 (Applicability concerning Exemption from Customs Duty, etc.)

(1) The amended provisions of Article 116 - 5 (3) shall apply beginning from the portion that is decided or corrected for the first time after this Decree enters into force.

(2) The amended provisions of Article 116 - 5 (4) shall apply beginning from the portion for which taxation is decided to be reduced or exempted, to which exemption

from customs duty, etc. is applied for the first time after this Decree enters into force.

Article 13 (Applicability concerning Additional Collection of Corporate Tax, etc.)

The amended provisions of Article 116 - 7 (1) 5 shall apply beginning from the additional collection that is made for the first time after this Decree enters into force.

Article 14 (Applicability concerning Additional Collection of Customs Duty, etc.)

The amended provisions of Article 116 - 8 (1) 4 shall apply beginning from the additional collection that is made for the first time after this Decree enters into force.

Article 15 (Applicability concerning Additional Collection of Acquisition Tax, etc.)

The amended provisions of subparagraph 3 of Article 116 - 9 shall apply beginning from the additional collection that is made for the first time after this Decree enters into force.

Article 16 (Exclusion from Tax Reduction or Exemption for Investment in Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 124 (4) shall begin to apply from the investment that is made for the first time after this Decree enters into force.

Article 17 (Special Cases of Reduction or Exemption of Capital Gains Tax for Self-Cultivating Farmland)

Where farmland inherited before February 9, 2006 is purchased by agreement or is expropriated under the Act on the Acquisition of Land, etc. for Public Works Projects or other Acts, and where the farmland was designated as an area falling under any subparagraph of Article 66 (12) not later than December 31, 2008 when the amended provisions of Article 66 (11) and (12) are applied, the period during which the predecessor had acquired and cultivated the farmland shall be deemed the period during which the inheritor cultivated, notwithstanding Article 23 of the Addenda of the Enforcement Decree of the Restriction of Special Taxation Act (Presidential Decree No. 19329).

ADDENDA <No. 21429, 21. Apr, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability concerning Special Tax Reduction or Exemption for Small or Medium Enterprises)

The amended provisions of Article 6 (5) shall apply beginning from the earnings of the taxable year to which the enforcement date of this Decree belongs.

Article 3 (Applicability concerning Temporary Tax Credit for Investment)

The amended provisions of Article 23 (1) shall apply beginning from investment made in the taxable year to which the enforcement date of this Decree belongs.

ADDENDA <No. 21445, 21. Apr, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 and 3 Omitted.

ADDENDA <No. 21461, 30. Apr, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on May 1, 2009.

Article 2 Omitted.

ADDENDA <No. 21480, 06. May, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on May 8, 2009.

Articles 2 and 3 Omitted.

ADDENDA <No. 21545, 19. Jun, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability)

The amended provisions of Article 104 - 7 shall apply beginning from the portion of the business year to be reported for the first time after this Decree enters into force.

ADDENDA <No. 21565, 26. Jun, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 30, 2009: Provided, That ... <Omitted.> ...
Article 3 of the Addenda shall enter into force on the date of its promulgation.
Articles 2 through 4 Omitted.

ADDENDA <No. 21634, 22. Jul, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 23, 2009. (Proviso Omitted.)
Articles 2 through 4 Omitted.

ADDENDA <No. 21656, 30. Jul, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 31, 2009.

Article 2 Omitted.

ADDENDA <No. 21676, 06. Aug, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 7, 2009. (Proviso Omitted.)
Articles 2 through 5 Omitted.

ADDENDA <No. 21692, 18. Aug, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 23, 2009.
Articles 2 through 6 Omitted.

ADDENDA <No. 21719, 09. Sep, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on September 10, 2009.

Articles 2 through 5 Omitted.

ADDENDA <No. 21734, 21. Sep, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability)

The amended provisions of Article 106 (14) shall apply beginning from the portion that is supplied or received for the first time after this Decree enters into force.

ADDENDA <No. 21744, 21. Sep, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on October 1, 2009.

Articles 2 through 5 Omitted.

ADDENDA <No. 21747, 29. Sep, 2009 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 21765, 01. Oct, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 21774, 08. Oct, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <No. 21807, 02. Nov, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 21835, 20. Nov, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 22, 2009.

Articles 2 and 3 Omitted.

ADDENDA <No. 21847, 26. Nov, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 28, 2009.

Articles 2 through 6 Omitted.

ADDENDA <No. 21882, 14. Dec, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted)

Articles 2 through 7 Omitted.

ADDENDA <No. 21904, 24. Dec, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2010.

Articles 2 through 6 Omitted.

ADDENDA <No. 21914, 30. Dec, 2009 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2010.

Articles 2 and 3 Omitted.

ADDENDA <No. 21984, 07. Jan, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 22003, 27. Jan, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on February 1, 2010.

Articles 2 through 5 Omitted.

ADDENDA <No. 22037, 18. Feb, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 106 (7) shall enter into force on July 1, 2010, and the amended provisions of Article 104 - 7 (1) shall enter into force on January 1, 2011.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax among this Decree shall apply beginning from the taxable year that begins after Act No. 9921, partial amendment to the Restriction of Special Taxation Act enters into force.

(2) The amended provisions concerning value - added tax among this Decree shall apply beginning from the goods or services supplied or received, or from the goods of which import declaration is filed for the first time after this Decree enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax among this Decree shall apply beginning from the portion that is transferred for the first time after this Decree enters into force.

(4) The amended provisions concerning inheritance tax and gift tax among this Decree shall apply beginning from the inheritance or donation that begins or is made for the first time after this Decree enters into force.

(5) The amended provisions concerning individual consumption tax, transportation tax, energy tax, environment tax, education tax and road tax among this Decree shall apply beginning from entry into a particular place, or takeout from a factory or bonded area, or from the portion of which import declaration that is performed or filed for the first time after this Decree enters into force.

(6) The amended provisions concerning stamp tax among this Decree shall apply beginning from the taxable document that is made for the first time after this Decree enters into force.

(7) The amended provisions concerning acquisition tax or registration tax among this Decree shall apply beginning from the portion that is acquired or registered for the first time after this Decree enters into force.

(8) The amended provisions concerning customs duty among this Decree shall apply beginning from portion of which import declaration is filed for the first time after this Decree enters into force.

Article 3 (Applicability concerning Extent of Foreign Engineers)

The amended provisions of Article 16 (1) shall apply beginning from the income accrued in the taxable year to which the date this Decree enters into force belongs.

Article 4 (Applicability concerning Special Taxation for Foreign Workers)

The amended provisions of Article 16 - 2 shall apply beginning from the income accrued in the taxable year to which the date this Decree enters into force belongs.

Article 5 (Exemption from Corporate Tax, etc. on Interest Income, etc. from International Financial Transactions)

The amended provisions of Article 18 (2) 8 shall apply beginning from the income that is received for the first time after this Decree enters into force.

Article 5 - 2 (Application concerning to Tax Credit for Temporary Investment)

The amended provisions of Article 23 (1) and (4) shall apply beginning from investments commencing for the first time after January 1, 2000.

Article 6 (Applicability concerning Special Taxation for Relocation of Factories Located in District Slated for Development of Multifunctional Administrative City and Innovation Cities to Provinces)

The amended provisions of Article 79 - 3 (5) shall apply beginning from the portion that is transferred for the first time after this Decree enters into force.

Article 7 (Applicability concerning Special Taxation for Relocation of Factories Following Expropriation, etc. for Public Service Projects)

The amended provisions of Article 79 - 8 (5) shall apply beginning from the portion that is transferred for the first time after this Decree enters into force.

Article 8 (Applicability concerning Special Taxation for Relocation of Factories of Small or Medium Enterprises)

The amended provisions of Article 79 - 9 (5) shall apply beginning from the portion that is transferred for the first time after this Decree enters into force.

Article 9 (Applicability concerning Requirements, etc. for Livelihood Savings)

The amended provisions of Article 82 - 2 (1) 6 shall apply beginning from the portion that is subscribed for the first time after this Decree enters into force.

Article 10 (Applicability concerning Calculation, etc. of Labor Encouragement Subsidy)

The amended provisions of Articles 100 - 4 (3) 4, 100 - 4 (8) 3, and 100 - 6 (1) 1 shall apply beginning from the portion that is applied for the first time after this Decree enters into force.

Article 11 (Applicability concerning Rate, etc. of Allocating Profit and Loss among Partnership Firms)

The amended provisions of Article 100 - 17 (1) and (3), and subparagraph 3 of Article 100 - 24 shall apply beginning from the portion for taxable year in which a report is made for the first time after this Decree enters into force.

Article 12 (Applicability concerning Calculation and Allocation of Income and Deficit of Partnership Firms)

The amended provisions of Article 100 - 18 (6) 2 (a) and (7) 2 (applicable only to the amended part of "Article 121 (2) or (5) of the Income Tax Act") shall apply beginning from the portion for taxable year in which a report is made for the first time after this Decree enters into force.

Article 13 (Applicability concerning Special Taxation for Amount of Tax Paid Indirectly in Foreign Countries)

The amended provisions of Article 104 - 3 (1) and (2) shall apply beginning from the dividend or distribution that is received for the first time after this Decree enters into force.

Article 14 (Applicability concerning Special Cases of Calculation of Tax Base of Corporate Tax of Shipping Enterprises)

The amended provisions of 104 - 7 (1) shall apply beginning from the business year that begins for the first time after the same provisions enter into force on the date under the proviso to Article 1 of Addenda.

Article 15 (Applicability concerning Special Cases of Input Value - Added Tax Deduction for Recycled Waste Resources, etc.)

The amended provisions of Article 110 (4) 2 shall apply beginning from the portion that is acquired for the first time after this Decree enters into force.

Article 16 (Applicability concerning Refund of Transportation Tax, Energy Tax, Environment Tax and Individual Consumption Tax on Fuel of City Cars)

The amended provisions of Article 112 - 2 shall apply beginning from the portion that persons subject to refund purchase fuel with fuel purchase card for refund for the first time after this Decree enters into force.

Article 17 (Applicability concerning Standards, etc. for Tax Reduction and Exemption)

The amended provisions of Article 116 - 2 (3) 2 (d) and (e) shall apply beginning from the foreign investment that is reported for the first time after this Decree enters into force.

Article 18 (Applicability concerning Exemption from Customs Duties, etc.)

The amended provisions of Article 116 - 5 (1) and (2) shall apply beginning from the foreign investment that is reported for the first time after this Decree enters into force.

Article 19 (Applicability concerning Reduction or Exemption of Corporate Tax, etc. for Enterprises Residing in Jeju Investment Promotion Zone or Juju Free Trade Zone)

The amended provisions of Article 116 - 15 (1) 12 shall apply beginning from the enterprise that moves in for the first time after this Decree enters into force.

Article 20 (Applicability concerning Business Operators Subject to Issuance of Purchaser - Issued Tax Invoices, Procedure for Tax Credit for Purchase, etc.)

The amended provisions of Article 121 - 4 (2), (3) and (5) 3 shall apply beginning from the portion that is supplied in the taxable period to which the date this Decree enters into force belongs.

Article 21 (Applicability concerning Special Cases of Non - Inclusion of Entertainment Expenses in Deductible Expenses)

The amended provisions of Article 130 (5) shall apply beginning from the portion that is disbursed for the first time after this Decree enters into force.

Article 22 (Special Cases of Exemption, etc. from Value - Added Tax)

Where a enterpriser to whom a business exempted from value - added tax is added as prescribed in the amended provisions of Article 106 (7) 46 directly uses goods acquired before this Decree enters into force for the business exempted from value - added tax, Articles 15 (1) 1 and 62 - 2 of the Enforcement Decree of the Value - Added Tax Act shall not apply.

Article 23 (Transitional Measures concerning Special Taxation for Companies for Purpose of Capital Expansion)

The portion that a company for purpose of capital expansion borrowed from the Korea Development Bank as prescribed in the previous Article 104 (2) 1 before this Decree enters into force shall be deemed to have borrowed from the Korea Finance Corporation.

Article 24 (Transitional Measures concerning Special Cases of Input Value - Added Tax Deduction for Recycled Scrap Resources, etc.)Notwithstanding the amended provisions of Article 110 (4), former provi

Article 25 (Transitional Measures concerning Refund of Transportation Tax, Energy Tax, Environment Tax and Individual Consumption Tax on Fuel of City Cars)
Notwithstanding the amended provisions of Art

Article 26 (Transitional Measures concerning Exemption from Customs Duties, etc.)
Notwithstanding the amended provisions of Article 116 - 5 (1) and (2), former provisions shall apply to the foreign inves

Article 27 Omitted.

ADDENDA <No. 22085, 26. Mar, 2010>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 22151, 04. May, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on May 5, 2010.

Articles 2 through 4 Omitted.

ADDENDA <No. 22181, 08. Jun, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2010: Provided, That the amended provisions of Article 98 - 4 shall enter into force on the date of promulgation.

Article 2 (Applicability concerning Special Taxation for Corporations, Residents, etc. concerning Establishment, etc. of Holding Companies)

The amended provisions of Articles 35 - 3 (excluding paragraph (1)) and 35 - 4 (excluding paragraph (1)) shall begin to apply to the investment in kind, etc. made for the first time after this Decree enters into force.

Article 3 (Special Cases of Stocks, etc. of Wholly Owned Subsidiaries, etc. Acquired before Comprehensive Transfer of Asset or Comprehensive Exchange, etc. of Stocks when Judging Rate of Delivery of S

When the price of acquisition, price of exchange or price of transfer is calculated, notwithstanding the amended provisions of Article 35 (5) or 35 - 2 (5), the stocks, etc. of acquired corporation or stocks of wholly owned subsidiary that have been acquired by acquiring corporation or complete parent company shall not be deemed to have not been delivered in cash.

ADDENDA <No. 22224, 28. Jun, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2010.

Articles 2 through 5 Omitted.

ADDENDA <No. 22235, 29. Jun, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2010.

Articles 2 and 3 Omitted.

ADDENDA <No. 22254, 06. Jul, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 11 Omitted.

ADDENDA <No. 22356, 25. Aug, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on September 1, 2010.
Articles 2 through 4 Omitted.

ADDENDA <No. 22394, 20. Sep, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2011.
Articles 2 through 13 Omitted.

ADDENDA <No. 22395, 20. Sep, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2011.
Articles 2 through 9 Omitted.

ADDENDA <No. 22421, 01. Oct, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on October 6, 2010
Articles 2 and 3 Omitted.

ADDENDA <No. 22424, 01. Oct, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 10 Omitted.

ADDENDA <No. 22467, 02. Nov, 2010>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 22493, 15. Nov, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on November 18, 2010

Articles 2 through 5 Omitted.

ADDENDA <No. 22516, 07. Dec, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on December 9, 2010.

Articles 2 through 8 Omitted.

ADDENDA <No. 22583, 30. Dec, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2011: Provided, That the amended provisions of Article 106 (7) 49 shall enter into force on March 1, 2011, and the amended provisions of Articles 16 - 2 (2) and 108 (3) through (5) shall enter into force on April 1, 2011 while the amended provisions of Articles 69 (3) and 69 - 2 shall enter into force on July 1, 2011, and the amended provisions of the former and latter part of Article 2 (1) 3 (only applicable to subparagraph 2 (c) of Article 3 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises) shall enter into force on January 1, 2012.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax among this Decree shall apply beginning from the first taxable year that begins after this Act enters into force.

(2) The amended provisions concerning value - added tax among this Decree shall apply beginning from the goods or services supplied or received, or from the goods of which import declaration is filed for the first time after this Decree enters into force.

(3) The amended provisions concerning capital gains tax among this Decree shall apply beginning from the first - transferred portion after this Decree enters into force.

(4) The amended provisions concerning acquisition tax or registration and license tax among this Decree shall apply beginning from the first - acquired or registered portion after this Decree enters into force.

Article 3 (Applicability concerning Application of Special Taxation of Partnership Firms and Request for Renunciation thereof)

The amended provisions of Article 100 - 16 (1) and (2) shall apply beginning from the first - filed request for application or renunciation of the special taxation of partnership firms after this Decree enters into force.

Article 4 (Applicability concerning Special Cases of Taxation of Investment in Overseas Resources Development)

The amended provisions of Article 104 - 15 (2) shall apply beginning from the first investment after this Decree enters into force.

Article 5 (Applicability concerning Organization performing governmental affairs)

The amended provisions of Article 106 (7) 47 shall beginning from the provision of goods and services by entering into a contract thereof after this Decree enters into force.

Article 6 (Applicability concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for City Cars)

The amended provisions of Article 112 - 2 (3) shall apply beginning from the first portion purchased by a refund recipient with an oil purchase card for refund since January 1, 2011.

Article 7 (Applicability concerning Presumed Gross Income of Rental Deposits, etc.)

The amended provisions of Article 132 (5) shall apply beginning with the first - filed report after this Decree enters into force.

Article 8 (Special Cases concerning Tax Credit for Temporary Investment)

Article 23 (1) through (3) and (11) through (15) shall apply mutatis mutandis to investment, etc. subject to application when applying tax credit for temporary investment under the former Article 26 o

Article 9 (Transitional Measures concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for City Cars)

The calculation of the ceiling on the annual refund to be refunded pursuant to the former provisions as at the time this Decree enters into force shall be governed by the former provisions.

ADDENDA <No. 22605, 31. Dec, 2010 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 24, 2011. (Proviso Omitted.)
Articles 2 through 13 Omitted.

ADDENDA <No. 22626, 17. Jan, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.
Articles 2 through 6 Omitted.

ADDENDA <No. 22637, 24. Jan, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 24, 2011. (Proviso Omitted.)
Articles 2 through 23 Omitted.

ADDENDA <No. 22953, 03. Jun, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

The amended provisions concerning capital gains tax under this Decree shall apply beginning with the first transfer to be made after this Decree enters into force.

Article 3 (Applicable Examples concerning Special Cases of Taxation for Succession to Family Business)

The amended provisions of Article 27 - 6 (8) 2 shall apply beginning with inheritance commencing after the Inheritance Tax and Gift Tax Act that is partially amended by Act No. 10411, enters into force.

Article 4 (Applicable Examples concerning Special Cases of Taxation for Green Savings)

The amended provisions of Article 92 - 12 (1) 4 and 5 shall apply beginning with the first subscribed or purchased one after this Decree enters into force.

Article 5 (Applicable Examples concerning Special Cases of Taxation for Investment in Overseas Resources Development)

The amended provisions of Article 104 - 15 (2) shall apply beginning with investment made in the taxable year in which the enforcement date of this Decree falls.

Article 6 (Applicable Examples concerning Tax Deduction for Research and Human Resources Development Costs)

The amended provisions of attached Tables 7 and 8 shall apply beginning from the cost incurred in the taxable year in which the enforcement date of this Decree is included.

ADDENDA <No. 22967, 08. Jun, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on June 9, 2011
Articles 2 through 4 Omitted.

ADDENDA <No. 22977, 24. Jun, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 23039, 25. Jul, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Special Cases for Reduction of or Exemption from Capital Gains Tax on Site for Livestock Stables)

(1) In applying the amended provisions of the main sentence of Article 66 - 2 (3) 1 to a site for livestock stables incorporated into a residential, commercial or industrial area under the National Land Planning and Utilization Act as at the time this Decree enters into force, the enforcement date of this Decree shall be deemed the date on which such site is incorporated into a residential, commercial or industrial area under the National Land Planning and Utilization Act.

(2) In applying the amended provisions of Article 66 - 2 (3) 2 to a site for livestock stables designated as the land reserved for substitution, other than a site for livestock stables, before a disposition of land substitution pursuant to the Urban Development Act or other Acts or subordinate statutes as at the time this Decree enters into force, the enforcement date of this Decree shall be deemed the date on which such site is designated as land reserved for substitution.

ADDENDA <No. 23113, 30. Aug, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Article 2 Omitted.

ADDENDA <No. 23142, 16. Sep, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 23313, 23. Nov, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 25, 2011.

Articles 2 through 10 Omitted.

ADDENDA <No. 23356, 08. Dec, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 8, 2011. (Proviso Omitted.)

Article 2 Omitted.

ADDENDA <No. 23535, 25. Jan, 2012 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 26, 2012.

Articles 2 and 3 Omitted.

ADDENDA <No. 23590, 02. Feb, 2012 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 18, 80 - 2 (1), 104 (1) 2, 106 - 3 (5) 7 and 116 - 28 shall enter into force on March 2, 2012 and the amended provisions of Article 105 (1) shall enter into force on January 1, 2013.

Article 2 (General Application Example)

(1) The amended provisions concerning the income tax and corporate tax in this Decree shall apply beginning with the taxable year that first commences after the Restriction of Special Taxation Act partially amended by Act No. 11133 enters into force.

(2) The amended provisions concerning the value - added tax shall apply beginning with goods or services supplying or supplied, or goods declared for importation for the first time after this Decree enters into force.(3) The amended provisions

concerning the capital gains tax in this Decree shall apply beginning with the first transfer made after this Decree enters into force.

(4) The amended provisions concerning the taxation for labor encouragement subsidy shall apply beginning with the labor encouragement subsidy that are first paid after this Decree enters into force.

Article 3 (Applicable Examples concerning Reduction or Exemption of Corporate Tax, etc. for Enterprises with Advanced Technology, etc. Moving into Special Research and Development Zone)

The amended provisions of Article 11 - 3 (1) 3 shall apply beginning with the portion for taxable year in which the enforcement date of this Decree is included.

Article 4 (Applicable Examples concerning Income Deduction for Contributions, etc. to Small or Medium Start - up Investment Association, etc.)

The amended provisions of Article 14 (1) 1 shall apply beginning from the first investment after this Decree enters into force.

Article 5 (Applicable Examples concerning Scope of Energy - Saving Facilities)

The amended provisions of Article 22 - 2 (1) 2 shall apply beginning from the first commencement of investment after this Decree enters into force.

Article 6 (Applicable Examples concerning Post Management Period of Comprehensive Transfer of Asset, etc.)

The amended provisions of Articles 35 (12), 35 - 2 (11) and 35 - 3 (6) shall apply beginning from the first comprehensive transfer of asset, comprehensive exchange and transfer of stocks, in - kind investment of stocks, etc. after January 1, 2012.

Article 7 (Applicable Examples concerning Workers Excluded from Conversion of Gross Income Standard)

The amended provisions of Article 100 - 3 (3) shall apply beginning from the income that belongs to the taxable year in which the enforcement date of this Decree is included.

Article 8 (Applicable Examples concerning Request, etc. for Necessary Data for Guidance on Application for Labor Encouragement Subsidy)

The amended provisions of Article 100 - 14 (1) and (2) shall apply beginning from the first request for data made by the Commissioner of National Tax Service after this Decree comes into force.

Article 9 (Applicable Examples concerning Tax Credit for Digital Report)

The amended provisions of Article 104 - 5 (5) shall apply beginning from the digital report that is made by a certified tax accountant, a certified public accountant, a taxation management corporation or an accounting corporation in lieu of taxpayer after this Decree enters into force.

Article 10 (Applicable Examples concerning Tax Credit of Value - Added Tax for Issuance of Certificate of Origin)

The amended provisions of Article 106 - 12 shall apply beginning from the issuance of certificate of origin while supplying the goods during the taxable year in which the date of enforcement of this Decree is included.

Article 11 (Applicable Examples concerning Standards, etc. for Tax Reduction or Exemption)

(1) The amended provisions of Article 116 - 2 (2) and (22) shall apply beginning from the first application for tax reduction or exemption after this Decree enters into force.

(2) The amended provisions of Articles 116 - 2 (2) 5 shall apply beginning from the first foreign investment report after this Decree enters into force.

Article 12 (Applicable Examples concerning Reduction or Exemption of Corporate Tax, etc. on Companies Located in Jeju High - tech Science and Technology Complex)

The amended provisions of Article 116 - 14 (1) 3 shall apply from the taxable year in which the date of enforcement of this Decree is included.

Article 13 (Applicable Examples concerning Special Cases of Non - Inclusion of Entertainment Expenses in Deductible Expenses)

The amended provisions of Article 130 (5) shall apply beginning from the portion that is disbursed for the first time after this Decree enters into force.

Article 14 (Applicable Examples concerning Tax Credit for Contribution for Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises)

The attached Table 1 shall apply beginning from the first contribution after January 1, 2012.

ADDENDA <No. 23718, 10. Apr, 2012>

Article 1 (Enforcement Date)

This Decree shall enter into force on April 15, 2012. (Proviso Omitted.)

Articles 2 through 15 Omitted.

ADDENDA <No. 24017, 03. Aug, 2012>

Article 1 (Enforcement Date)

This Decree shall enter into force on Aug. 5, 2012.

Articles 2 through 6 Omitted.

ADDENDA <No. 24077, 31. Aug, 2012>

Article 1 (Enforcement Date)

This Decree shall enter into force on September 1, 2012. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <No. 24141, 15. Oct, 2012>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 (Applicability)

The amended provisions of Article 98 - 6 shall apply beginning from the portion transferred after the Restriction of Special Taxation Act partially amended by Act No. 11486 enters into force.

ADDENDA <No. 24271, 28. Dec, 2012>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2013.

Articles 2 (Applicable Examples concerning Exemption of Value - Added Tax)

The amended provisions of Article 106 (7) shall apply beginning from the goods or services provided after this Decree enters into force.

ADDENDA <No. 24368, 15. Feb, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 100 - 15, 100 - 16 and 100 - 27 shall enter into force on January 1, 2014, and the amended provisions of Articles 100 - 2 (4), 100 - 3 (1), 100 - 6 (1) and (2) 1 and 4 shall enter into force on January 1, 2015, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and corporate tax in this Decree shall apply, beginning from the income tax and corporate tax payable in the taxable year which commences after the partially amended Restriction of Special Taxation Act (Act No. 11614) enters into force.

(2) The amended provisions concerning the value - added tax shall apply, beginning from the goods or services supplied or provided, or an import declaration on which is filed after this Decree enters into force.

(3) The amended provisions concerning the capital gains tax in this Decree shall apply, beginning from the first transfer made after this Decree enters into force.

(4) The amended provisions concerning the customs duties in this Decree shall apply beginning from the first import declaration filed after this Decree enters into force.

Article 3 (Applicability to Special Tax Reductions or Exemptions for Small or Medium Enterprises)

The amended provisions of Article 6 (7) shall apply, beginning from a tax return of the taxable year filed on or after January 1, 2013.

Article 4 (Applicability to Scope, etc. of Foreign Engineers)

The amended provisions of Article 16 shall apply, beginning from the income generated in the taxable year in which this Decree enters into force.

Article 5 (Applicability to Expansion of Scope of Securities for which Tax is Exempted when Transferred)

The amended provisions of Article 18 shall apply, beginning from the first transfer made after this Decree enters into force.

Article 6 (Applicability to Scope of Facilities for Environmental Conservation)

The amended provisions of Article 22 - 3 (1) 3 shall apply, beginning from the first investment after this Decree enters into force

Article 7 (Applicability to Tax Credit for Employment - Creating Investment)

The amended provisions of Article 23 shall apply, beginning from the first investment made in the taxable year that commences on or after January 1, 2013.

Article 8 (Applicability to Tax Deductions for Small or Medium Enterprises Reinstating Graduates of High Schools Tailored to Industrial Demand, etc. after Performing Their Military Service)

The amended provisions of Article 26 - 2 shall apply, beginning from the first reinstatement made on or after January 1, 2013.

Article 9 (Applicability to Special Taxation for Transfer of Redundant Assets as Result of Merger of Enterprises Running Medicine Manufacturing Business)

The amended provisions of Article 44 - 4 shall apply, beginning from a merger conducted on or after January 1, 2013.

Article 10 (Applicability to Special Taxation for Capital Gains Tax on Compensation by Substitute Land)

The amended provisions of Article 73 (4) and (5) shall apply, beginning from the first return filed after this Decree enters into force.

Article 11 (Applicability to Eligibility, etc. to Apply for Labor Encouragement Subsidies)

(1) The Amended provisions of Articles 100 - 3 (2), 100 - 4, 100 - 6 (2) 2 and 3 and (3), 100 - 7, 100 - 8, and 100 - 14 shall apply, beginning from the first application filed on or after January 1, 2013.

(2) The amended provisions of Articles 100 - 2 (4), 100 - 3 (1), 100 - 6 (1) and (2) 1 and 4 shall apply, beginning from the first application filed on or after January 1, 2015.

Article 12 (Applicability to Application of Special Taxation for Partnership Firms Located Overseas)

The amended provisions of Articles 100 - 15, 100 - 16 and 100 - 27 shall apply, beginning from the first application made on or after January 1, 2014.

Article 13 (Applicability to Tax Reductions or Exemptions for Overseas Korean Enterprises on their Return to Korea)

The amended provisions of Article 104 - 21 shall apply beginning from a case where a business is started or a place of business is newly established in Korea on or after January 1, 2013.

Article 14 (Applicability to Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel of City Cars)

The amended provisions of Article 112 - 2 shall apply beginning from the first case where a purchase is paid on oil purchase card for refund on or after January 1, 2013 by a person eligible for the refund.

Article 15 (Applicability to Standards, etc. for Tax Reduction and Exemption)

The amended provisions of Article 116 - 2 (3) shall apply beginning from the portion for which a report on foreigner's investment is made after this Decree enters into force, and the amended provisions of Article 116 - 2 (13) and (15) shall apply beginning from the portion of dividend or allocation received after this Decree enters into force.

Article 16 (Applicability to Additional Collection of Corporate Tax, etc.)

The amended provisions of Article 116 - 7 (1) shall apply beginning from a case where a foreign investor transfers the stocks held by him/her after this Decree enters into force, and the amended provisions of Article 116 - 7 (4) and (5) shall apply beginning from a case where any cause for additional collection occurs after this Decree enters into force.

Article 17 (Applicability to Additional Collection of Customs Duties, etc.)

The amended provisions of Article 116 - 8 shall apply beginning from a case where a foreign investor transfers the stocks held by him/her after this Decree enters into force.

Article 18 (Applicability to Additional Collection of Acquisition Tax, etc.)

The amended provisions of Article 116 - 9 (2) shall apply beginning from a case where any cause for additional collection occurs after this Decree enters into force.

Article 19 (Applicability to Notification, etc. of Causes for Additional Collection of Taxes)

The amended provisions of Article 116 - 11 (3) and (5) shall apply beginning from a case where any cause for additional collection occurs after this Decree enters into force.

Article 20 (Applicability to Entrustment of Authority)

The amended provisions of Article 116 - 13 shall apply beginning from a report on foreigner investment made after this Decree enters into force.

Article 21 (Applicability to Reduction of or Exemption from Corporate Tax, etc. for Start - up Enterprises, etc. Located in Enterprise City Development Zones, etc.)

The amended provisions of Article 116 - 21 shall apply beginning from a case where a business is started or a place of business is newly established in Korea on or after January 1, 2013.

Article 22 (Applicability to Additional Collection of Reduced or Exempted Tax Amount and Notification, etc. of Reasons for Additional Collection of Taxes)

The amended provisions of Articles 116 - 23 and 116 - 24 shall apply beginning from a case where any cause for additional collection occurs after this Decree enters into force.

Article 23 (Applicability to Withdrawal of Approval of Cash Receipt business Operator)

The amended provisions of Articles 121 - 3 (4) shall apply beginning from a case where Article 121 - 3 (3) is violated after this Decree enters into force.

Article 24 (Applicability to Special Taxation for Cash Receipts Business Operator and Cash Receipt Merchants)

The amended provisions of Articles 121 - 3 (7) and (11) shall apply beginning from a case where a report, determination or amendment is made after this Decree enters into force, and the amended provisions of 121 - 3 (8) 2 shall apply from a case where Cash Receipts are issued on or after July 1, 2013.

Article 25 (Applicability to Confirmation, etc. of Cash Transactions)

The amended provisions of Articles 121 - 5 (2) and (8) shall apply beginning from the case where a transaction is made on or after January 1, 2013.

Article 26 (Transitional Measures concerning Special Taxation for Transfer of Redundant Assets as Result of Merger)Notwithstanding the amended provisions of Article 44 - 4, former provisions shall apply

Article 27 (Transitional Measures, etc. concerning Capital Gains Tax Reduction or Exemption for Self - Cultivating Farmland)Notwithstanding the amended provisions of Articles 66 (1), 66 - 2 (1) and 67 (1)

Article 28 (Transitional Measures concerning Private Annuity Savings)Notwithstanding the amended provisions of Article 80, the accounts of private annuity savings opened

pursuant to former Article 80

Article 29 (Transitional Measures concerning Annuity Savings)

An account of annuity savings opened before this Decree enters into force shall be deemed an account of the pension income prescribed in Article 20 - 3 (1) 2 of the Income Tax Act: Provided, That former Article 80 - 2 shall apply where the contract is terminated due to death, where savings are received in a form other than annuity due to the death of a party to the contract after the expiration of the contract period for making deposit, or where a savings contract is terminated within five years from the date of opening the account.

Article 30 (Transitional Measures concerning Eligibility for Application for Labor Encouragement Subsidy)

"Business operators falling under any subparagraph of Article 137 (1) of the Enforcement Decree of the Income Tax Act" in the former Article 100 - 2 (4) before this Decree enters into force shall be deemed "business operators falling under any of Article 137 (1) 1 or 2 of the Enforcement Decree of the Income Tax Act" until December 31, 2014.

Article 31 (Transitional Measures concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel of City Cars) Notwithstanding the amended provisions of Article 112 - 2 (

Article 32 (Transitional Measures concerning Tax Reduction or Exemption for Enterprises Relocating Outside of Over - Concentration Control Region of Seoul Metropolitan Area Following Reform of Administr

(1) If an enterprise that relocates its factory facilities or head office entirely under Article 63 or 63 - 2 of the Act from the over - concentration control region of the Seoul Metropolitan area to the area of Jinhae - si that is abolished under Article 2 of the Act on Special Cases of Establishing and Supporting Changwon - si in Gyeongsangnam - do (hereafter referred to as "area of Jinhae - si" in this Article) meets each of the following requirements, the enterprise shall not be deemed to relocate to the area of Changwon - si specified in Article 60 (2), notwithstanding the amended provisions of Article 60 (2):

1. Such enterprise shall have actually commenced relocation on or before July 1, 2010 by any of the following means:

- (a) Having purchased its factory facilities or head office or having concluded an agreement for purchase;
- (b) Having obtained approval of the establishment, etc. of a factory under Article 13 of the Industrial Cluster Development and Factory Establishment Act;
- (c) Having obtained permission for construction of a factory under Article 11 of the Building Act;

2. Such enterprise shall have relocated its factory facilities or head office entirely to the area of Jinhae - si and commenced its business operations by no later than June 30, 2013.

(2) If an enterprise that relocates its factory facilities or head office entirely under Article 63 or 63 - 2 of the Act from the over - concentration control region of the Seoul Metropolitan area to the area of Cheongwon - gun that is abolished under Article 2 of the Act on Special Cases of Establishing and Supporting Cheongju - si in Chungcheongbuk - do (hereafter referred to as "area of Cheongwon - gun" in this Article) meets each of the following requirements, the enterprise shall not be deemed to relocate to the area of Cheongju - si specified in Article 60 (2), notwithstanding the amended provisions of Article 60 (2):

- 1. Such enterprise shall have actually commenced relocation on or before July 1, 2014 by any of the means referred to in the items of paragraph (1) 1;
- 2. Such enterprise shall relocate its factory facilities or head office entirely to the area of Cheongwon - gun and commence its business operations by no later than June 30, 2017.

[This Article Newly Inserted by Presidential Decree No. 26959, Feb. 5, 2016]

Article 33 Omitted.

ADDENDA <No. 24441, 23. Mar, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 24534, 10. May, 2013>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 24638, 28. Jun, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2013: Provided, That the amended provisions of Articles 100 - 2 (4), 100 - 3 (1) 4 (e), 100 - 6 (2) 1 and the main sentence of the Article 100 - 6 (2) 4 of the Enforcement Decree of the Restriction of Special Taxation Act under Article 16 (30) of this Addenda shall enter into force on January 1, 2015.

Articles 2 through 17 Omitted.

ADDENDA <No. 24697, 27. Aug, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 29, 2013. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA <No. 24698, 02. Sep, 2013>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 24887, 29. Nov, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2014.

Article 2 (General Applicability)

(1) The amended provisions of this Decree stipulating the income tax and corporate tax shall apply, beginning with the portions levied in the taxable year commencing after this Decree enters into force.

(2) The amended provisions of this Decree stipulating the value - added tax shall apply, beginning with the first goods or services supplied or received, or the first import declaration of goods filed after this Decree enters into force.

Article 3 (Applicability to Tax Credits for Research and Human Resources Development Expenses)

The amended provisions of Article 9 (4) 4 shall apply, beginning with the taxable year commencing on or after January 1, 2014.

Article 4 (Applicability to Special Cases concerning Deduction of Input Tax Amount of Value - Added Tax on Copper Scrap, etc. of Operators of Copper Scrap, etc.)

The amended provisions of Article 110 - 2 shall apply, beginning with the copper scrap, etc. acquired after this Decree enters into force.

ADDENDA <No. 24890, 04. Dec, 2013 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 5, 2013. (Proviso Omitted.)

Articles 2 through 8 Omitted.

ADDENDA <No. 25079, 14. Jan, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 25211, 21. Feb, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 109 - 2 shall enter into force on April 1, 2014; Article 66 (14), 66 - 2 (13), 67 (1), (3), (4), (5), and (6), Article 116 - 2 (5), (6), (8), (19), (20), and (21) on July 1, 2014; and Article 63 (1), (2), (3), (7), (8), and (10), Articles 64, 65, 100 - 2 (4) and 100 - 6 (2) 4 on January 1, 2015.

Article 2 (General Applicability)

(1) The amended provisions of this Decree stipulating the income tax and corporate tax shall apply, beginning with the portion levied in the taxable year commencing after the partially amended Restriction of Special Taxation Act (Act No. 12173) enters into force.

(2) The amended provisions of this Decree stipulating the value - added tax shall apply, beginning with the first goods or services supplied or received, or the first import declaration of goods filed after this Decree enters into force.

(3) The amended provisions of this Decree stipulating the capital gains tax shall apply, beginning with the first transfer conducted after this Decree enters into force.

(4) The amended provisions of this Decree stipulating the inheritance tax and gift tax shall apply, beginning with the inheritance proceedings commenced or donations made after this Decree enters into force.

(5) The amended provisions of this Decree stipulating the customs duties shall apply, beginning with the first import declaration filed after this Decree enters into force.

Article 3 (Applicability to Scope, etc. of Small or Medium Enterprises Requiring Cooperation)

The amended provisions of Article 7 - 2 and attached Table 1 shall apply, beginning with the first contribution made after this Decree enters into force.

Article 4 (Applicability to Taxation Carried Forward of Capital Gains Tax on Consolidation among Small or Medium Enterprises)

The amended provisions of Article 28 (10) shall apply, beginning with the first payment made after this Decree enters into force.

Article 5 (Applicability to Taxation Carried Forward of Capital Gains Tax for Conversion into Corporation)

The amended provisions of Article 29 (7) shall apply, beginning with the first payment made after this Decree enters into force.

Article 6 (Applicability to Special Taxation for Comprehensive Transfer of Assets)

The amended provisions of Article 35 (6) shall apply, beginning with the first transfer conducted after this Decree enters into force.

Article 7 (Applicability to Special Taxation for Corporations concerning Comprehensive Exchange or Transfer of Stocks)

The amended provisions of Article 35 - 2 shall apply, beginning with the first exchange or transfer conducted after this Decree enters into force.

Article 8 (Applicability to Corporate Tax Exemption, etc. for Agricultural Partnership Corporations, etc.)

The amended provisions of Article 63 (4) shall apply, beginning with the first investment made in kind after this Decree enters into force.

Article 9 (Applicability to Requirements, etc. for Capital Gains Tax Reduction or Exemption for Substitute Land for Farmland)

The amended provisions of Article 67 (1), (3), (4), (5), and (6) shall apply where a new farmland is acquired after the previous farmland is transferred or where the previous farmland is transferred after a new farmland is acquired after this Decree enters into force: Provided, That the amended provisions of the provisos to Article 67 (3) 1 and Article 67 (3) 2, Article 67 (4) and (5), and the latter part of Article 67 (63) shall apply where a new land is acquired before this Decree enters into force and the previous farmland is transferred after this Decree enters into force, or where the previous farmland is transferred before this Decree enters into force and a new farmland is acquired after this Decree enters into force.

Article 10 (Applicability to Income Deduction, etc. for Mutual Aid Fund for Small Enterprises and Small Entrepreneurs)

The amended provisions of Article 80 - 3 shall apply, beginning with the first payment made in the taxable year in which the enforcement date of this Decree falls.

Article 11 (Applicability to Non - Taxation on Asset - Building Savings)

The amended provisions of Article 92 - 13 shall apply, beginning with the first account of the asset - building savings opened after this Decree enters into force.

Article 12 (Applicability to Requests for Data, etc. Necessary for Informing How to Apply for Labor Encouragement Subsidies)

The amended provisions of Article 100 - 14 shall apply, beginning with the first request made by the Commissioner of National Tax Service to provide data after this Decree enters into force.

Article 13 (Applicability to Scope of Application of Special Taxation for Partnership Firms)

The amended provisions of Article 100 - 15 (1) shall apply, beginning with the first application filed after this Decree enters into force.

Article 14 (Applicability to Special Cases concerning Computation of Corporate Tax Base for Shipping Enterprises)

The amended provisions of Article 104 - 7 shall apply, beginning with the first evaluation conducted after this Decree enters into force.

Article 15 (Applicability to Organizations Entrusted with Duties of Government)

The amended provisions of Article 106 (7) 56 shall apply, beginning with the first report, determination, or correction filed or made after this Decree enters into force.

Article 16 (Applicability to Special Cases concerning Deduction of Input Tax Amount of Value - Added Tax on Waste Resources, etc. for Recycling Purposes)

The amended provisions of Article 110 (4) 2 (b) shall apply, beginning with the first portion acquired after this Decree enters into force.

Article 17 (Applicability to Tax Reduction or Exemption for Capital Increase)

The amended provisions of Article 116 - 6 (4) shall apply, beginning with the first application for tax reductions or exemptions filed after this Decree enters into force.

Article 18 (Transitional Measures for Special Cases concerning Computation of Corporate Tax Base for Shipping Enterprises) Notwithstanding the amended provisions of Article 104 - 7, corporations that hav

ADDENDA <No. 25279, 24. Mar, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 25317, 22. Apr, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 25339, 29. Apr, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 25590, 11. Sep, 2014>

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 135 (2) through (10), Article 135 - 2, and Article 135 - 3 (4) shall enter into force on January 1, 2015.

ADDENDA <No. 25677, 04. Nov, 2014>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability to Tax Reduction or Exemption for Small or Medium Start - Up Enterprises, etc.)

The amended provisions of Article 5 (9) shall apply, beginning with the taxes imposed in the taxable year in which the Decree enters into force.

Article 3 (Applicability to Tax Credits on Expenses of Research and Development of Human Resources)

The amended provisions of subparagraph 7 (d) of attached Table 7 and subparagraph 16 (a) of attached Table 8 shall apply, beginning with the expenses incurred on or after the date this Decree enters into force.

ADDENDA <No. 25945, 30. Dec, 2014>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of registration of the merger under Article 4 (6) of the Addenda to the Korea Development Bank Act as wholly amended by Act No. 12663.

Articles 2 through 5 Omitted.

ADDENDA <No. 26070, 03. Feb, 2015>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 112 - 5 and 112 - 6 shall enter into force on April 1, 2015; the amended provisions of Article 63 (6) and (14), Article 106 - 9 (1), and Article 121 - 3 (12) on July 1, 2015; and amended provisions of Articles 71 and 80 -

3 on January 1, 2016, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax in this Decree shall apply, beginning with the taxable year that starts on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 12853 enters into force.

(2) The amended provisions concerning value - added tax in this Decree shall apply, beginning with the goods or services are supplied or provided, or an import declaration of which is filed on or after the date this Decree enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax in this Decree shall apply, beginning with the transfer made on or after the date this Decree enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Decree shall apply, beginning with inheritance proceedings commencing, or a gift given on or after the date this Decree enters into force.

Article 3 (Applicability to Scope of Small or Medium Enterprises)

The amended provisions of Article 2 (1) shall apply, beginning with the taxable year that starts on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 12853 enters into force.

Article 4 (Applicability to Application of Grace Period to Small or Medium Enterprises)

The amended provisions of Article 2 (2) shall apply where a cause that makes an enterprise cease to be a small or medium enterprise first arises on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 12853 enters into force.

Article 5 (Applicability to Scope of Safety Facilities)

The amended provisions of Article 22 (1) 6 - 2 shall apply, beginning with the first investment made on or after the date this Decree enters into force.

Article 6 (Applicability to Scope of Facilities for Environmental Conservation)

The amended provisions of Article 22 - 3 (1) 1 shall apply, beginning with the first investment made on or after the date this Decree enters into force.

Article 7 (Applicability to Scope of High Schools Tailored to Industrial Demand, etc.)

The amended provisions of Article 23 (5) 3 shall apply, beginning with the first employment on or after the date this Decree enters into force.

Article 8 (Applicability to Special Taxation for Gift Tax on Succession to Family Business)

The amended provisions of Article 27 - 6 (6) 1 shall apply, beginning with the business year in which this Decree enters into force.

Article 9 (Applicability to Capital Gains Tax Carried Forward Following Consolidation between Small or Medium Enterprises)

The amended provisions of Article 28 (10) 6 and (11) shall apply, beginning with a gift given on or after the date this Decree enters into force.

Article 10 (Applicability to Capital Gains Tax Carried Forward Following Conversion into Corporation)

The amended provisions of Article 29 (7) 6 and (8) shall apply, beginning with a gift given on or after the date this Decree enters into force.

Article 11 (Applicability to Special Taxation for Corporate Tax on Transfer Gains Following Relocation of Corporation's Head Office to Outside Over - Concentration Control Region of Seoul Metropolitan A

The amended provisions of Article 57 (8) shall apply, beginning with the first enterprise that relocates its head office in the over - concentration control region of the Seoul Metropolitan area on or after the date this Decree enters into force.

Article 12 (Applicability to Corporate Tax Reduction or Exemption, etc. for Relocation of Factories and Head Offices of Corporations to Areas Outside Seoul Metropolitan Area)

The amended provisions of Article 60 - 2 (11) shall apply, beginning with the first enterprise that relocates its head office on or after the date this Decree enters into force.

Article 13 (Applicability to Special Termination of Long - Term Savings for Housing Purchase)

The amended provisions of Article 81 (6) and (7) shall apply, beginning with the first long - term savings account for housing purchase that is terminated on or after the date this Decree enters into force.

Article 14 (Applicability to Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)

The amended provisions of Article 93 (1) shall apply, beginning with the first short - term electronic bonds incorporated into a high - yield, high - risk investment trust on

or after the date this Decree enters into force.

Article 15 (Applicability to Tax Reduction or Exemption for Rental Business Operators of Quasi - Public Rental Housing)

The amended provisions of Article 96 (4) shall apply, beginning with the first rental income that accrues on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 12853 enters into force.

Article 16 (Applicability to Total Assets)

The amended provisions of Article 100 - 4 (3) 4 shall apply, beginning with the first application for labor encouragement subsidies filed on or after the date this Decree enters into force.

Article 17 (Applicability to Determination of Labor Encouragement Subsidies)

The amended provisions of Article 100 - 8 (1) shall apply, beginning with the first application for labor encouragement subsidies filed on or after the date this Decree enters into force.

Article 18 (Applicability to Scope of Organizations or Institutions and Kinds of Data)

The amended provisions of Article 100 - 14 (1) 10 through 12, and (2) 22 and 23 shall apply, beginning with the first request for data made by the Commissioner of the National Tax Service on or after the date this Decree enters into force.

Article 19 (Applicability to Persons Eligible to Apply for Child Care Subsidies)

The amended provisions of Article 100 - 28 shall apply, beginning with the first application for child care subsidies filed on or after the date this Decree enters into force.

Article 20 (Applicability to Application of Zero Rating of Value - Added Tax)

The amended provisions of Article 105 (2) 18 shall apply, beginning with the first return or decision on, or the first correction of, the value - added tax that is filed or made on or after the date this Decree enters into force.

Article 21 (Applicability to Special Taxation for Cash Receipt Service Operators and Cash Receipt Merchants)

The amended provisions of Article 121 - 3 (12) shall also apply where no cash receipt has been issued as at the time this Decree enters into force with regard to goods or services supplied before this Decree enters into force.

Article 22 (Applicability to Special Cases concerning Exclusion of Entertainment Expenses from Deductible Expenses)

The amended provisions of Article 130 (5) 10 shall apply to expenses disbursed on or after the date this Decree enters into force.

Article 23 (Applicability to Purposes of Contribution Eligible for Tax Credits for Contribution to Win - Win Corporate Partnership Foundation)

The amended provisions of attached Table 1 shall apply, beginning with the contributions first spent on or after the date this Decree enters into force.

Article 24 (Applicability to Calculation of Labor Encouragement Subsidies and Child Care Subsidies)

The amended provisions of attached Tables 11 and 11 - 2 shall apply, beginning with the first application for a labor encouragement subsidy or a child care subsidy filed on or after the date this Decree enters into force.

Article 25 (Transitional Measure concerning Application of Grace Period to Small or Medium Enterprises) Notwithstanding the amended provisions of Article 2 (2), the former provisions shall apply to the

Article 26 (Transitional Measure concerning Scope, etc. of Foreign Engineers)

Notwithstanding the amended provisions of Article 16 (1), the former provisions shall apply to the persons recognized as fo

Article 27 (Transitional Measure concerning Capital Gains Tax Carried Forward, etc. Following Consolidation between Small or Medium Enterprises) Notwithstanding the amended provisions of Article 28 (4)

Article 28 (Transitional Measure concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax Imposed on Fuel of Compact Motor Vehicles)

Notwithstanding the amended provision

Article 29 Omitted.

ADDENDA <No. 26205, 20. Apr, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on April 29, 2015.

Articles 2 and 3 Omitted.

ADDENDA <No. 26316, 15. Jun, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 29, 2015. (Proviso Omitted.)

Articles 2 and 3 Omitted.

ADDENDA <No. 26369, 30. Jun, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2015.

Articles 2 through 4 Omitted.

ADDENDA <No. 26600, 23. Oct, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on October 25, 2015. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <No. 26659, 20. Nov, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 25, 2016. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 26748, 22. Dec, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 23, 2015.

Article 2 Omitted.

ADDENDA <No. 26754, 22. Dec, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 23, 2015.

Articles 2 and 3 Omitted.

ADDENDA <No. 26762, 28. Dec, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 29, 2015.

Articles 2 through 9 Omitted.

ADDENDA <No. 26763, 28. Dec, 2015 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 29, 2015.

Articles 2 through 10 Omitted.

ADDENDA <No. 26922, 22. Jan, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 25, 2016.

Articles 2 through 6 Omitted.

ADDENDA <No. 26959, 05. Feb, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 109 - 3 shall enter into force on April 1, 2016.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax in this Decree shall apply, beginning with the first taxable year that starts on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 13560 enters into force.

(2) The amended provisions concerning value - added tax in this Decree shall apply, beginning with the goods or services supplied or provided, or an import declaration of which is filed, on or after the date this Decree enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax in this Decree shall apply, beginning with the first transfer made on or after the date this Decree enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Decree shall apply, beginning with the inheritance proceedings commencing or a gift given on or after the date this Decree enters into force.

Article 3 (Applicability to Tax Credits for Technological Innovation - Oriented Merger)

The amended provisions of Article 11 - 3 (1) 4 shall apply, beginning with the first merger that takes place on or after the date this Decree enters into force.

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

The amended provisions of Article 11 - 4 (2) 4 shall apply, beginning with the stocks acquired on or after the date this Decree enters into force.

Article 5 (Applicability to Special Taxation for Investment in Business Starters, etc.)

The amended provisos to Article 13 (1) 1 and 2 shall apply, beginning with the first investment made on or after the date this Decree enters into force.

Article 6 (Applicability to Income Deduction for Contributions, etc. to Small or Medium Start - Up Investment Funds, etc.)

The amended provisions of Article 14 (2) shall apply, beginning with the first investment made on or after the date this Decree enters into force.

Article 7 (Applicability to Income Tax Reduction or Exemption for Employees of Small or Medium Enterprises)

(1) The amended proviso to Article 27 (2) 5 and the amended provisions of Article 27 (8) and (9) shall apply, beginning with the first year - end settlement or the first tax base return filed on or after the date this Decree enters into force.

(2) The amended provisions of Article 27 (5) shall apply, beginning with the first earned income paid on or after the date this Decree enters into force.

Article 8 (Applicability to Special Taxation for Gift Tax on Start - Up Funds)

The amended provisions of Article 27 - 5 (2), (3), (6) 3, and (10) shall apply, beginning with the first gift given on or after the date this Decree enters into force.

Article 9 (Applicability to Special Taxation for Gift Tax on Succession to Family Business)

The amended provisions of Article 27 - 6 (5) 2 shall apply, beginning with the first taxable year in which this Decree enters into force.

Article 10 (Applicability to Special Taxation for Corporations concerning Incorporation, etc. of Holding Companies)

The amended provisions of Article 35 - 3 shall apply, beginning with the first qualified division that takes place on or after the date this Decree enters into force.

Article 11 (Applicability to Donation Incentives)

The amended provisions of Article 71 (10) shall apply, beginning with the first application filed in the taxable year in which this Decree enters into force.

Article 12 (Applicability to Requirements, etc. for Tax - Free Comprehensive Savings)

The amended provisions of Article 82 - 2 (3) shall apply, beginning with the first withdrawal of deposits in tax - free comprehensive savings accounts on or after the date this Decree enters into force.

Article 13 (Applicability to Agency Collecting Data on Tax - Favored Savings)

The amended provisions of Article 83 - 2 shall apply, beginning with the first notice given on or after the date this Decree enters into force.

Article 14 (Applicability to Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)

The amended provisions of Article 93 (3) shall apply where the average holding ratio is calculated on or after April 1, 2016 with regard to high - yield, high - risk investment funds, etc. for which a person opens a new account on or after the date this Decree enters into force.

Article 15 (Applicability to Special Taxation on Land Transferred to Corporate Rental Business Operators)

The amended provisions of Article 97 - 7 shall apply, beginning with the first transfer done on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 13560 enters into force.

Article 16 (Applicability to Capital Gains Tax Reduction or Exemption for Purchasers of Newly - Built Houses)

The amended provisions of Articles 99 (1) and 99 - 3 (2) shall apply, beginning with the first transfer done on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 13560 enters into force.

Article 17 (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 (2) and attached Table 12 shall apply, beginning with the first transfer done on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 13560 enters into force.

Article 18 (Applicability to Lenient Requirements, etc. for Special Taxation, etc. for Delinquent Taxes, etc. of Resurgent Small or Medium Entrepreneurs)

The amended provisions of Article 99 - 6 (4) 2 shall apply, beginning with the first application for deferment filed on or after the date the Restriction of Special Taxation Act as partially amended by Act No. 13560 enters into force.

Article 19 (Applicability to Scope of One Household for Purpose of Taxation for Labor Encouragement)

The amended provisions of Article 100 - 4 (1) shall apply, beginning with the first application filed on or after the date this Decree enters into force.

Article 20 (Applicability to Entrustment of Authority)

The amended provisions of Article 116 - 13 shall apply, beginning with the first application for tax reduction or exemption filed on or after the date this Decree enters into force.

Article 21 (Applicability to Income Deductions for Amount Spent on Credit Cards, etc.)

The amended provisions of Article 121 - 2 (3) shall apply, beginning with the first year - end settlement or the first tax base filed on or after the date this Decree enters into force.

Article 22 (Transitional Measure concerning Scope of Small Enterprises)

Notwithstanding the amended provisions of Article 6 (5), an enterprise recognized as a small enterprise under the former provisio

Article 23 (Transitional Measure concerning Tax Credits for Technological Innovation - Oriented Merger)Notwithstanding the amended provisions of Article 11 - 3 (1) 4, the former provisions shall apply to

Article 24 (Transitional Measure concerning Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)Notwithstanding the amended provisions of Article 11 - 4 (2) 4, the former provisions

Article 25 (Transitional Measure concerning Special Taxation for Investment in Business Starters, etc.)Notwithstanding the amended provisos to Article 13 (1) 1 and 2, the

former provisions shall apply

Article 26 (Transitional Measure concerning Income Deductions for Contributions, etc. to Small or Medium Start - Up Investment Funds, etc.)Notwithstanding the amended provisions of Article 14 (2), the f

Article 27 (Transitional Measure concerning Special Taxation for Gift Tax on Start - Up Funds)Notwithstanding the amended provisions of Article 27 - 5 (2), (3), (6) 3, and (10), the former provisions shal

Article 28 (Transitional Measure concerning Special Taxation for Corporations concerning Incorporation, etc. of Holding Companies)Notwithstanding the amended provisions of Article 35 - 3, the former pro

Article 29 (Transitional Measure concerning Corporate Tax Exemption, etc. for Fishery Partnerships, etc.)Notwithstanding the amended provisions of Article 64 (3), (5), and (11), the former provisions

Article 30 (Transitional Measure concerning Capital Gains Tax Reduction or Exemption for Self - Cultivating Farmland)Notwithstanding the amended provisions of Article 66 (13), the former provisions shal

Article 31 (Transitional Measure concerning Capital Gains Tax Reduction or Exemption on Site for Livestock Stables)Notwithstanding the amended provisions of Article 66 - 2 (2) and (12), the former provi

Article 32 (Transitional Measure concerning Capital Gains Tax Reduction or Exemption for Substitute Land for Farmland)Notwithstanding the amended provisions of Article 67 (2), the former provisions sh

Article 33 (Transitional Measure concerning Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)Notwithstanding the amended provisions of Article 93 (3), the former provisions shall app

Article 34 (Transitional Measure concerning Tax Reduction or Exemption for Small - Housing Rental Business Operators)Notwithstanding the amended provisions of Article 96 (2) through (4), the former prov

Article 35 (Transitional Measure concerning Capital Gains Tax Reduction or Exemption for Purchasers of Newly - Built Houses)Notwithstanding the amended provisions of Articles 99 (1) and 99 - 3 (2), the fo

Article 36 (Transitional Measure concerning Special Taxation, etc. for Delinquent Taxes, etc. of Resurgent Small or Medium Entrepreneurs)Notwithstanding the amended

provisions of Article 99 - 6 (4) 2, t

Article 37 (Transitional Measure concerning Scope of One Household for Purpose of Taxation for Labor Encouragement) Notwithstanding the amended provisions of Article 100 - 4 (1), the former provisions sh

Article 38 (Transitional Measure concerning Exemption from Securities Transaction Tax) Notwithstanding the amended provisions of Article 115 - 4 (2) through (4), the former provisions shall apply to any

Article 39 (Scope of Project Sites to which Annual Reduction or Exemption Ceilings of Capital Gains Tax on Farmland Cultivated by Farmer - Owner)

"Project site that meets requirements prescribed by Presidential Decree" in Article 63 of the Addenda to the Restriction of Special Taxation Act as partially amended by Act No. 13560, means a project site for which the implementer of a public works project has acquired at least 1/2 of the entire area of the project site by no later than December 31, 2015.

ADDENDA <No. 27127, 10. May, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Chapter V - 8 (Articles 116 - 29 through 116 - 34), shall enter into force on August 13, 2016.

Article 2 (General Applicability)

The amended provisions of this Decree concerning income tax and corporate tax shall begin to apply from such taxes for the taxable years that commences on or after January 1, 2016.

Article 3 (Applicability to Tax Reductions or Exemptions for Overseas Korean Enterprises on their Return to Korea)

The amended provisions of Article 104 - 21 (3) shall begin to apply from where a new business is incorporated or a new place of business is established in the Republic of Korea on or after January 1, 2016.

Article 4 (Applicability to Exemption from Additional Tax Collection)

The amended provisions of Article 116 - 10 (2) 7 shall begin to apply from where stocks, etc. of a foreign investor are transferred to a Korean national or Korean

corporation after this Decree enters into force.

ADDENDA <No. 27205, 31. May, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on September 30, 2016. (Proviso Omitted.)

Articles 2 and 3 Omitted.

ADDENDA <No. 27230, 21. Jun, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 23, 2016.

Article 2 Omitted.

ADDENDA <No. 27241, 21. Jun, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 23, 2016.

Articles 2 and 3 Omitted.

ADDENDA <No. 27245, 21. Jun, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 23, 2016.

Articles 2 through 4 Omitted.

ADDENDA <No. 27444, 11. Aug, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 12, 2016.

Articles 2 through 8 Omitted.

ADDENDA <No. 27445, 11. Aug, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on August 12, 2016.

Articles 2 through 22 Omitted.

ADDENDA <No. 27464, 29. Aug, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on August 30, 2016.

Articles 2 through 5 Omitted.

ADDENDA <No. 27511, 22. Sep, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on September 23, 2016.

Articles 2 through 8 Omitted.

ADDENDA <No. 27524, 29. Sep, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on September 30, 2016.

Articles 2 through 4 Omitted.

ADDENDA <No. 27617, 29. Nov, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 30, 2016.

Articles 2 through 5 Omitted.

ADDENDA <No. 27620, 29. Nov, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on November 30, 2016.

Articles 2 through 4 Omitted.

ADDENDA <No. 27621, 29. Nov, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on November 30, 2016.

Articles 2 and 3 Omitted.

ADDENDA <No. 27649, 01. Dec, 2016>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Taxation on Gains from Exercise of Stock Options)

The amended provisions of Article 14 - 3 (5) 4 shall begin to apply from stock options granted after this Decree enters into force.

Article 3 (Applicability to Special Taxation for Swap of Unlisted Stocks, etc. for Strategic Partnership)

The amended provisions of Article 43 - 7 (3) shall also apply to the plans that form a cooperative relationship under a contract with an affiliated corporation in the taxable year in which this Decree enters into force.

Article 4 (Applicability to Special Taxation for Individual Savings Accounts)

The amended provisions of Article 93 - 4 (12) 3 and (14) shall begin to apply from the transfer of assets made in the taxable year in which this Decree enters into force.

Article 5 (Applicability to Special Taxation for Division, etc. of National Federation of Fisheries Cooperatives)

(1) The amended provisions of Article 116 - 29 (1) through (6) shall begin to apply from the taxable year in which this Decree enters into force.

(2) The amended provisions of Article 116 - 29 (7) through (9) shall begin to apply from services providing or provided on or after December 1, 2016.

ADDENDA <No. 27767, 06. Jan, 2017 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 7, 2017.

Articles 2 through 5 Omitted.

ADDENDA <No. 27771, 10. Jan, 2017 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 27848, 07. Feb, 2017 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions of this Decree concerning income tax (excluding capital gains tax) and corporate tax, shall begin to apply from such taxes for the taxable year that commences after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

(2) The amended provisions of this Decree concerning value - added tax, shall begin to apply from goods or services supplying or supplied, or from goods declared as imported, after this Decree enters into force.

(3) The amended provisions of this Decree concerning capital gains tax and securities transaction tax, shall begin to apply from the transfers made after this Decree enters into force.

Article 3 (Applicability to Expanded Scope of Small and Medium Enterprises and Middle - Standing Enterprises)

The amended provisions of Articles 2 (1), 4 (1), 9 (4), and 10 (1) shall begin to apply from taxes for the taxable year that commences after the Restriction of Special Taxation Act (Act No. 14390), enters into force (in cases of an investment, employment, or research and human resources development expenses, referring to an investment made, employment commenced, or research and human resources development expenses incurred in the taxable year that commences after the Restriction of Special Taxation Act (Act No. 14390), enters into force).

Article 4 (Applicability to Scope, etc. of Technical Knowhow)

The amended provisions of Article 11 (3) through (5) shall begin to apply from a patent, utility model right, technical knowhow, or technology transferred, acquired, or leased, after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 5 (Applicability to Tax Credits for Employment - Creating Investment)

The amended provisions of Article 23 (1) and (4) shall begin to apply from an investment made after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 6 (Applicability to Special Taxation for Assets Sold by Domestic Corporations to Pay Financial Debts)

The amended provisions of Article 34 (6) 5 and (7) 5 shall begin to apply from assets transferred according to a financial restructuring plan after this Decree enters into force.

Article 7 (Applicability to Special Taxation for Corporations following All - Inclusive Share Swap or Transfer)

The amended provisions of Article 35 - 2 shall begin to apply from all - inclusive share swaps, etc. of stocks made after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 8 (Applicability to Special Taxation for Assumption or Payment of Debts)

The amended provisions of Article 36 (3) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 9 (Applicability to Special Taxation on Corporate Tax, etc. following Transfer of Assets by Stockholders, etc.)

The amended provisions of Article 37 (11) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 10 (Applicability to Special Taxation for Re - Investment in Venture Business, etc. after Sale of Stocks)

The amended provisions of Article 43 - 8 shall begin to apply from where stocks of an enterprise for sale are transferred after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 11 (Applicability to Special Taxation for Transfer of Redundant Assets following Merger)

The amended provisions of Article 44 - 4 (1) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 12 (Applicability to Special Taxation for Corporate Tax on Capital Gains following Relocation of Corporation's Head Office to Outside of Over - Concentration Control Region of Seoul Metropolitan

The amended provisions of Article 57 (5) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 13 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Public Institutions Relocating to Innovation Cities, etc.)

The amended provisions of Article 58 (8) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 14 (Applicability to Donation Incentives)

(1) The amended provisions of Article 71 (1) 4 shall begin to apply from where an application for designation is filed after this Decree enters into force.

(2) The amended provisions of Article 71 (5) shall begin to apply from where a donation incentive is determined after this Decree enters into force.

Article 15 (Applicability to Extension of Deadline for Filing Return and Paying Capital Gains Tax upon Inheritance or Donation of Substitute Land)

The amended provisions of Article 73 (5) shall begin to apply from where inheritance commences or substitute land is donated after this Decree enters into force.

Article 16 (Applicability to Income Deductions for Collective Savings Account for Housing Subscription)

The amended provisions of Article 81 (5) shall begin to apply from where a document is submitted after this Decree enters into force.

Article 17 (Applicability to Special Taxation for Real Estate Investment Companies, etc. for Rental Housing)

The amended provisions of Article 81 - 3 (1) and (3) through (5) shall begin to apply from where a person subscribes to a real estate fund, etc. after this Decree enters into force.

Article 18 (Applicability to Special Taxation for Individual Savings Accounts)

The amended provisions of Article 93 - 4 shall begin to apply from where a person opens an individual savings account after this Decree enters into force.

Article 19 (Applicability to Tax Credits for Monthly Rents)

The amended provisions of Article 95 (2) shall begin to apply from monthly rents paid during the taxable period that commences after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 20 (Applicability to Refund of Labor Encouragement Subsidies and Issuance of Certificates of Grant of Subsidies)

(1) The amended provisions of Article 100 - 9 (1) shall begin to apply from where the opening of an account is reported after this Decree enters into force.

(2) The amended provisions of Article 100 - 9 (3) shall also apply to labor encouragement subsidies received before this Decree enters into force.

Article 21 (Applicability to Expansion of Scope of Taxation on Domestic Investment of Foreign Pensions and Funds by Income Sources)

The amended provisions of Article 100 - 18 (6) 4 (b) shall begin to apply from where the income that a private equity fund receives through a special purpose company is distributed to a passive partner after this Decree enters into force.

Article 22 (Applicability to Special Taxation for Special Purpose Companies for Recapitalization)

The amended provisions of Article 104 shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 23 (Applicability to Exemption, etc. from Value - Added Tax)

(1) The amended provisions of Article 106 (7) 22 - 2 shall also apply where a local corporation established by a Si, a Gun, or an autonomous Gu before this Decree enters into force, merges with a public corporation under an order, etc. to improve its business management issued under Article 78 or 78 - 2 of the Local Public Enterprises Act, or voluntarily merges with a public corporation according to the feasibility assessment of establishment under Article 49 of the same Act.

(2) The amended provisions of Article 106 (7) 44 shall begin to apply from where goods or services are supplied in the taxable year in which this Decree enters into force.

Article 24 (Applicability to Special Cases concerning Deduction of Input Tax Amount of Value - Added Tax on Recycled Waste Resources, etc.)

The amended provisions of Article 110 (6) shall begin to apply from decisions and corrections made after this Decree enters into force.

Article 25 (Applicability to Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)

The amended provisions of Article 112 - 2 (3) shall begin to apply from where a person eligible for refund purchases petroleum with an oil purchase card for refund after the Restriction of Special Taxation Act (Act No. 14390), enters into force.

Article 26 (Applicability to Special Taxation for Transfer of Redundant Assets following Merger)

The amended provisions of Article 116 - 35 (3) shall begin to apply from where a tax return is filed after this Decree enters into force.

Article 27 (Transitional Measures concerning Tax Reduction or Exemption for Small or Medium Enterprises Engaging in Converted Business) Notwithstanding the amended provisions of Article 30 - 2 (3), the f

Article 28 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Enterprises, etc. that Occupy Investment Promotion Zone in Asian Cultural Hub City) Notwithstanding the am

Article 29 (Transitional Measures concerning Special Taxation for Exchange of Stocks, etc. between Enterprises) Notwithstanding the amended provisions of Article 116 - 34 (3), the former provisions shall

Article 30 (Transitional Measures concerning Tax Credits for Research and Human Resources Development Expenses) Notwithstanding the amended provisions of attached Tables 7 and 8, the former provisions

ADDENDA <No. 27972, 29. Mar, 2017 >

Article 1 (Enforcement Date)

This Decree shall enter into force on March 30, 2017.

Articles 2 through 10 Omitted.

ADDENDA <No. 27978, 07. Apr, 2017 >

Article 1 (Enforcement Date)

This Decree shall enter into force on April 10, 2017.

Article 2 (Applicability to Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)

The amended provisions of the former part of Article 112 - 2 (3) shall apply to the refund of traffic, energy and environment tax and individual consumption tax on petroleum that a person eligible for refund purchases with an oil purchase card for refund on and after January 1, 2017: Provided, That the maximum amount of tax refundable for oil purchased during the period between January 1, 2017 and April 9, 2017, shall be 100,000 won.

ADDENDA <No. 28009, 08. May, 2017 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Applicability to Follow - Up Management of Tax Credits for Enterprises Increasing Jobs for Youths)

The amended provisions of Article 26 - 5 (6) 1 and 2 shall begin to apply from tax credits for the taxable year in which this Decree enters into force.

Article 3 (Applicability to Reduction or Exemption of Individual Consumption Tax, etc. for Replacing Decrepit Diesel Motor Vehicles)

The amended provisions of Article 111 (8) 2 shall also apply to requests made to a business operator engaging in scrapping and recycling of motor vehicles under Article 13 (1) 1 of the Motor Vehicle Management Act to scrap a decrepit diesel motor vehicle.