

OK !

RESTRICTION OF SPECIAL TAXATION ACT

[Enforcement Date 18. Apr, 2017.] [Act No.14760, 18. Apr, 2017., Partial
Amendment]

(- ,)044 - 215 - 4131, 4136



가

www.law.go.kr

2019.02.12

RESTRICTION OF SPECIAL TAXATION ACT

[Enforcement Date 18. Apr, 2017.] [Act No.14760, 18. Apr, 2017., Partial Amendment]

() 044 - 215 - 4131, 4136
(가가 (, ,)) 044 - 215 - 4322
(- , ,) 044 - 215 - 4331~4334
(-) 044 - 215 - 4223
(- ()) 044 - 215 - 4313, 4317
(- ,) 044 - 215 - 4132
(-) 044 - 215 - 4232, 4236
(- ()) 02 - 2100 - 3628
(- , , (2 11)) 044 - 215 - 4133
(-) 044 - 215 - 4412, 4417
(- ()) 044 - 215 - 4423, 4424
(- ()) 044 - 215 - 4211~4214, 4216~4218
(가가 (, ,)) 044 - 215 - 4323

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

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

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 2 (Definitions)(1) The definitions of terms used in this Act shall be as follows:

1. The term "national" means a resident defined in the Income Tax Act and a domestic corporation defined in the Corporate Tax Act;
2. The term "taxable year" means a taxable period defined in the Income Tax Act or a business year defined in the Corporate Tax Act;
3. The term "tax return" means the final tax return filed under Articles 70 71, 74, and 110 of the Income Tax Act, and the tax return filed under Article 60 of the Corporate Tax Act;
4. The term "gross income" means total amount of income prescribed under Article 24 of the Income Tax Act, or income prescribed under Article 14 of the Corporate

Tax Act;

5. The term "deductible expenses" means necessary expenses prescribed under Article 27 of the Income Tax Act, or deductible expenses prescribed under Article 14 of the Corporate Tax Act;
6. The term "tax carried forward" means that, where an individual transfers his/her fixed assets, etc. used for business purposes (hereafter in this subparagraph, referred to as "fixed assets, etc. for the previous business") to a corporation as investment in kind, etc., no income tax on the income generated from such transfer under Article 94 of the Income Tax Act (hereinafter referred to as "capital gains tax") shall be imposed on the individual transferring his/her fixed assets, etc., but the corporation acquiring such assets, etc. shall, if it is to transfer such fixed assets, etc. used for the relevant business purposes pay, as the corporate tax, the equivalent of the capital gains tax calculated under Article 104 of the same Act, which is calculated as if no other assets had been transferred during the taxable period in which the individual transferred the fixed assets, etc. for a previous business to such corporation;
7. The term "taxation deferment" means that, where any individual transfers his/her fixed assets used for business purposes (hereafter in this subparagraph, referred to as "fixed assets, etc. for the previous business") to relocate his/her factory, etc., and acquires the fixed assets used for other business (hereafter in this subparagraph, referred to as "fixed assets, etc. for the new business") with the transfer value, no capital gains tax shall be imposed on the amount calculated by the following formula (where the acquisition value of the fixed assets, etc. for the new business exceeds the transfer value of the fixed assets, etc. for the previous business, the gains on transfer accruing from the transfer of the fixed assets, etc. for the previous business shall be the ceiling; hereafter in this subparagraph, referred to as "amount of tax deferred") among the gains on transfer accruing from the transfer of the fixed assets, etc. for the previous business, but when the fixed assets, etc. for the new business are transferred, an amount calculated by subtracting the amount of tax deferred from the acquisition value of the fixed assets, etc. for the new business, shall be deemed the acquisition value, and the capital gains tax shall be levied thereon:

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

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

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

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

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

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 3 (Restrictions on Special Taxation)(1) Special taxation shall be not prescribed by Acts other than this Act, the Framework Act on National Taxes, treaties, and any of the following Acts: <Amended by Act No. 6054, Dec. 28, 1999; Act No. 7210, Mar. 22, 2004; Act No. 7849, Feb. 21, 2006; Act No. 8138, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9921, Jan. 1, 2010; Act No. 10220, Mar. 31, 2010>

1. Income Tax Act;
2. Corporate Tax Act;
3. Inheritance Tax and Gift Tax Act;
4. Value - Added Tax Act;
5. Individual Consumption Tax Act;
6. Liquor Tax Act;
7. Stamp Tax Act;
8. Securities Transaction Tax Act;
9. National Tax Collection Act;
10. Traffic, Energy and Environment Tax Act;
11. Customs Act;
12. Restriction of Special Local Taxation Act;
13. Provisional Import Surtax Act;
14. Deleted;<by [Act No. 6538, Dec. 29, 2001](#)>
15. Adjustment of International Taxes Act;
16. Act on Real Name Financial Transactions and Confidentiality;
17. Deleted;<by [Act No. 6299, Dec. 29, 2000](#)>
18. Education Tax Act;
19. Act on Special Rural Development Tax;
20. Deleted;<by [Act No. 5982, May 24, 1999](#)>
21. Inter - Korean Exchange and Cooperation Act;
22. Deleted;<by [Act No. 9921, Jan. 1, 2010](#)>
23. Act on Designation and Management of Free Trade Zones;
24. Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City (applicable only to the taxes of the Jeju Special Self - Governing Province);
25. Comprehensive Real Estate Holding Tax Act.

(2) No additional penalty tax and capital gains tax shall be included in the scope of taxes to be reduced or exempted as prescribed by this Act, the Framework Act on National Taxes, treaties, and the Acts listed under paragraph (1), except as otherwise expressly provided for in such Acts or treaties.<[Amended by Act No. 9921, Jan. 1, 2010](#)>

CHAPTER II DIRECT NATIONAL TAXES

SECTION 1 Special Taxation for Small or Medium Enterprises

Article 4 Deleted. <by Act No. 8827, Dec. 31, 2007 >

Article 5 (Tax Credits for Investments by Small or Medium Enterprises, etc.) (1) Where a national who operates a small or medium enterprise prescribed by Presidential Decree (hereinafter referred to as "small or medium enterprise") or a middle-standing enterprise prescribed by Presidential Decree and listed for the first time (hereafter referred to as "newly listed, middle-standing enterprise" in this Article) on the securities market established under the Financial Investment Services and Capital Markets Act (hereafter referred to as "securities market" in this Article) during the period from January 1, 2015 to December 31, 2015 invests (excluding any investment in used facilities and investment through lease prescribed by Presidential Decree) in any of the following assets by not later than December 31, 2018 [or by not later than the taxable year in which a small or medium enterprise is listed and the taxable years that end within three years from the first day of the following taxable year, in cases of a small or medium enterprise listed for the first time on the securities market during the period from January 1, 2015 to December 31, 2015 (hereafter referred to as "newly listed, small or medium enterprise" in this Article) or a newly listed, middle-standing enterprise], the national is entitled to a tax credit by an amount equivalent to 3/100 (4/100 for a newly listed, small or medium enterprise or a newly listed, middle-standing enterprise) of the relevant investment from the income tax (limited to the income tax on business income (excluded herefrom is the income accruing from a real estate rental business under Article 45 (2) of the Income Tax Act; the same shall apply hereinafter, except for Articles 122 - 3, 126 - 2, 126 - 6, and 132)) or corporate tax for the taxable year in which such investment is completed: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

1. Business assets prescribed Presidential Decree, including machinery and equipment (hereinafter referred to as "business assets");

2. Facilities for the point - of - sale data management system installed under the Distribution Industry Development Act (hereinafter referred to as "facilities for the point - of - sale data management system");

3. Facilities used in the information protection system as defined under subparagraph 6 of Article 3 of the Framework Act on National Informatization, the depreciation period of which is at least two years (hereinafter referred to as "facilities for information protection system").

(2) Where the investment under paragraph (1) is made over at least two taxable years, paragraph (1) may apply to each amount invested for each taxable year in which such investment is made.

(3) Matters necessary for calculating the amount of investment under paragraph (2) shall be prescribed by Presidential Decree.

(4) Any national who wishes to obtain tax credits pursuant to paragraph (1) or (2) shall file an application for tax credits, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

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

Where such small or medium enterprisers prescribed by Presidential Decree invest the contribution, etc. for supporting projects of informatization of small or medium enterprises, which is paid no later than December 31, 2015 pursuant to Article 18 of the Act on the Promotion of Technology Innovation of Small and Medium Enterprises, Article 19 of the Industrial Technology Innovation Promotion Act, and Article 44 (1) of the Information and Communications Technology Industry Promotion Act, in any of the following facilities, such contribution, etc. may be included in deductible expenses by applying mutatis mutandis Article 32 of the Income Tax Act and Article 36 of the Corporate Tax Act: <Amended by Act No. 11614, Jan. 1, 2013>

1. Computers, their peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for the management of human and material resources of an enterprise including information about purchasing, design, construction works, production, inventory, personnel and business information in an electrical format, of which the depreciation period is two years or longer (hereinafter referred to as "facilities for enterprise resource planning");

2. Computers, their peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for demand forecast, contract, providing services, selling merchandise, delivery, settlement of payments, customer management or such in an electronic format, of which the depreciation period is two years or longer (hereinafter referred to as "facilities for electronic commerce");
3. Any facilities prescribed by Presidential Decree other than those under subparagraphs 1 and 2, but used for informatization of an enterprise.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 5 - 3 Deleted. <by Act No. 8827, Dec. 31, 2007 >

Article 6 (Tax Reductions or Exemptions for Small or Medium Start - Up Enterprises, etc.)(1) A small or medium enterprise incorporated in an area outside the over - concentration control region of the Seoul Metropolitan area (hereinafter referred to as "small or medium start - up enterprise") or a national designated as an operator of a business incubator under Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act, as at December 31, 2018, is entitled to an income tax or corporate tax reduction by the equivalent to 50/100 of the income tax or corporate tax levied on income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business (if no income accrues from the relevant business by the taxable year falling on the fifth anniversary from the date the relevant business commences, referring to the taxable year falling on such fifth anniversary; hereafter in this paragraph, the same shall apply), and also within the four subsequent taxable years from the date the following taxable year commences: Provided, That any youth start - up enterprise prescribed by Presidential Decree, among small and medium start - up enterprises incorporated as at December 31, 2018, is entitled to a tax reduction by the equivalent to 75/100 of income tax or corporate tax for the taxable year in which the first income accrues from the relevant business, and also within the two subsequent taxable years from the date the following taxable year commences; and to a tax reduction by the equivalent to 50/100 of income tax or corporate tax for the two subsequent taxable years thereafter, out of income accrues from its business. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Where an enterprise prescribed by Presidential Decree among a venture business defined in Article 2 (1) of the Act on Special Measures for the Promotion of Venture Businesses (hereinafter referred to as "venture business"), is certified as a venture business as at December 31, 2018 pursuant to Article 25 of the same Act within three years from its incorporation (hereinafter referred to as "small or medium start - up venture enterprise"), that enterprise is entitled to an income tax or corporate tax reduction by the equivalent to 50/100 of the income tax or corporate tax levied on the income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business after the date of such certification (or the taxable year falling on the fifth anniversary from the date such enterprise is certified as a venture business, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary), and also within the four subsequent taxable years from the date the following taxable year commences: Provided, That the same shall not apply where the enterprise is granted an income or corporate tax reduction under paragraph (1) and, if any of the following events occurs during the period of reduction, it becomes ineligible for a reduction, starting from the taxable year in which the date classified as follows, falls: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

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

(3) Small or medium start - up enterprises and small or medium start - up venture enterprises shall be small or medium enterprises engaging in the following types of business: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

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

4. Restaurant business;
5. Publishing business;
6. Business producing or distributing video and audio record products (excluding business operating rooms for viewing video products);
7. Broadcasting business;
8. Telecommunications business;
9. Computer programming, system integration, and management business;
10. Information service business (excluding business providing news information);
11. Research and development business;
12. Advertising business;
13. Other science and technology service business;
14. Specialized design business;
15. Exhibition and event agency business;
16. Service business related to creation and art (excluding individual artists);
17. Engineering business prescribed by Presidential Decree (hereinafter referred to as "engineering business");
18. Logistics industry prescribed by Presidential Decree (hereinafter referred to as "logistics industry");
19. 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);
20. Tourist accommodation business, international conference business, amusement facilities business under the Tourism Promotion Act and tourist facilities business prescribed by Presidential Decree;
21. Business operating welfare facilities for elderly persons under the Welfare of Older Persons Act;
22. Exhibition industry under the Act on the Development of Exhibition Industry;
23. Human resources supply and employment arrangement services (including services supplying farm workers);
24. Services cleaning buildings and industrial facilities;

- 25. Security service business;
- 26. Market research and opinion survey business;
- 27. Social welfare service business;
- 28. Security system service business.

(4) Where a small or medium enterprise, in whose case three taxable years have not passed since the date of its incorporation, is recognized as a new energy technology small or medium enterprise prescribed by Presidential Decree (hereinafter referred to as "new energy technology small or medium enterprise") as at December 31, 2018, the small or medium enterprise is entitled to an income or corporate tax reduction by the equivalent to 50/100 of the income tax or corporate tax levied on income accrued from the relevant business for the taxable year in which the first income accrues from the relevant business after it is recognized as a new energy technology small or medium enterprise (or the taxable year falling on the fifth anniversary from the date such enterprise is recognized as a new energy technology small or medium enterprise, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary), and also within the four subsequent taxable years from the date the following taxable year commences: Provided, That the same shall not apply where the small or medium enterprise is granted an income or corporate tax reduction under paragraph (1) or (2); and, if the small or medium enterprise ceases to be a new energy technology small or medium enterprise during the period of reduction, it becomes ineligible for a reduction, starting from the taxable year in which it ceases to be a new energy technology small or medium enterprise. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(5) For the purposes of paragraph (4), methods for calculating income accrued from the relevant business shall be prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (5), none of the following cases shall be deemed a new business startup:

- 1. Where a previous business is succeeded through a merger, division, investment in kind, or acquisition of business, or where a business of the same type is conducted through acquiring or purchasing the assets used in the previous business: Provided, That, excluded herefrom shall be where the assets used for the previous business are acquired or purchased to operate the same type of business and the ratio of the total value of those assets to the total value of business assets prescribed by

Presidential Decree, including land, buildings, and machinery, is less than 50/100, which does not exceed the ratio prescribed by Presidential Decree;

2. Where a new corporation is incorporated by converting a business operated by a resident into a corporation;
3. Where a business of the same type as the one before its closure is conducted by re - starting a business after its closure;
4. Where it is impracticable to deem that a new business has been started, as it involves expanding the existing business or adding another business line, etc.

(7) Where an enterprise granted a tax reduction under paragraph (1), (2), or (4), ceases to be a small or medium enterprise due to any of the events prescribed by Presidential Decree, such as a merger with any enterprise other than small and medium enterprises under the Framework Act on Small and Medium Enterprises, it becomes ineligible for a tax reduction, starting from the taxable year in which the relevant event occurs. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

(8) Any national who intends to be granted a tax reduction or exemption pursuant to paragraph (1), (2), or (4), shall file an application therefor, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 7 (Special Tax Reductions or Exemptions for Small or Medium Enterprises)(1) A small or medium enterprise that engages in any of the following types of business eligible for tax reduction or exemption specified in subparagraph 1, is entitled to a reduction of the income tax or corporate tax levied on the income accruing from the relevant place of business for the taxable years that end on or before December 31, 2017 by an amount calculated by multiplying such income tax or corporate tax by the reduction rate prescribed in subparagraph 2: Provided, That a domestic corporation that has its head office or principal place of business in the Seoul Metropolitan area, shall be deemed to have all of its places of business in the Seoul Metropolitan area for applying the reduction rate prescribed in subparagraph 2 to that domestic corporation: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13474, Aug. 11, 2015; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

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

- (a) Crop - cultivating business;
- (b) Livestock business;
- (c) Fishery business;
- (d) Mining business;
- (e) Manufacturing business;
- (f) Sewage and waste disposal (including recycling), raw material recycling, and environmental restoration business;
- (g) Construction business;
- (h) Wholesale and retail businesses;
- (i) Passenger transport business among transportation business;
- (j) Publishing business;
- (k) Business producing or distributing video and audio record products (excluding business operating rooms for viewing video products);
- (l) Broadcasting business;
- (m) Telecommunications business;
- (n) Computer programming, system integration, and management business;
- (o) Information service business;
- (p) Research and development business;
- (q) Advertising business;
- (r) Other science and technology service business;
- (s) Packaging and charging business;
- (t) Specialized design business;
- (u) Creation and art - related service business (excluding individual artists);
- (v) Outsourced manufacturing business by OEM method prescribed by Presidential Decree;
- (w) Engineering business;
- (x) Logistics industry;
- (y) 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);
- (z) Business operating a motor vehicle maintenance factory prescribed by Presidential Decree;
 - (za) Ship management business under the Marine Transportation Act;
 - (zb) Business operating a medical institution under the Medical Service Act (only applicable to a clinic, a dental clinic, and an oriental medical clinic, if the ratio of the costs of health care benefits paid under Article 47 of the National Health Insurance Act to the total amount of its income for the relevant taxable year (referring to the sales calculated according to the Business Accounting Standards), is at least 80/100, and its global income for the relevant taxable year does not exceed 100 million won; hereafter in this Article, referred to as "medical service business");
 - (zc) Tourist business under the Tourism Promotion Act (excluding casinos, tourist amusement restaurants, and foreigner - only amusement restaurants);
 - (zd) Business operating welfare facilities for elderly persons under the Welfare of Older Persons Act;
 - (ze) Exhibition industry provided for in the Act on the Development of Exhibition Industry;
 - (zf) Human resource supply and employment arrangement services (including service supplying farm workers);
 - (zg) Call center and tele - marketing business;
 - (zh) Business engaged in by an enterprise specialized in energy saving under Article 25 of the Energy Use Rationalization Act;
 - (zi) Business operating a domiciliary long - term care institution under Article 32 of the Act on Long - Term Care Insurance for Older Persons;
 - (zj) Services cleaning building and industrial facilities;
 - (zk) Security service business;
 - (zl) Market research and opinion survey business;
 - (zm) Social welfare service business;
 - (zn) Business leasing intangible property rights (limited to leasing intellectual property defined in subparagraph 1 of Article 3 of the Framework Act on Intellectual Property);

- (zo) Business supporting research and development defined in subparagraph 4 (b) of Article 2 of the Special Act on Support of Scientists and Engineers for Strengthening National Science and Technology Competitiveness;
- (zp) An individual careworker or other similar service business, a social educational facility, vocational training center, or other technical and vocational training institute, a library, historic site, and other similar leisure - related service business (excluding business operating reading rooms);
- (zq) Housing rental and management business under the Special Act on Private Rental Housing;
- (zr) Business generating new and renewable energy under the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy;
- (zs) Security system service business;
- (zt) Forestry;

2. Tax reduction rates:

- (a) A place of business where a small enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "small enterprise"), engages in wholesale business, retail business, or medical service business (hereafter in this Article, referred to as "wholesale business, etc."): 10/100;
- (b) A place of business where a small enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in the Seoul Metropolitan area: 20/100;
- (c) A place of business where a small enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in an area outside the Seoul Metropolitan area: 30/100;
- (d) A place of business where a medium enterprise (hereafter in this Article, referred to as "medium enterprise") other than small enterprises, engages in wholesale business, etc. in an area outside the Seoul Metropolitan area: 5/100;
- (e) A place of business where a medium enterprise engages in any knowledge - based business prescribed by Presidential Decree in the Seoul Metropolitan area: 10/100;
- (f) A place of business where a medium enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in an area outside the Seoul Metropolitan area: 15/100.

(2) For the purposes of paragraph (1), if a small or medium enterprise meets each of the following requirements, the tax reduction rate calculated by multiplying the tax reduction rate prescribed in paragraph (1) 2 by 110/100, shall apply to the small or medium enterprise, notwithstanding paragraph (1) 2: <Amended by Act No. 14390, Dec. 20, 2016>

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

(3) If a small or medium enterprise is a car rental business entity registered under Article 31 (1) of the Passenger Transport Service Act, and at least 50/100 of the motor vehicles it has registered under Article 28 of the same Act, are electric motor vehicles defined in subparagraph 3 of Article 2 of the Act on Promotion of Development and Distribution of Environment - Friendly Motor Vehicles, the small or medium enterprise is entitled to a tax reduction by the equivalent to 30/100 of income tax or corporate tax levied on the income accruing from the car rental business until December 31, 2019, notwithstanding paragraph (1). <Newly Inserted by Act No. 14390, Dec. 20, 2016>

(4) Any national who intends to be granted a tax reduction or exemption pursuant to paragraphs (1) through (3), shall file an application therefor, as prescribed by Presidential Decree. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9924, Jan. 1, 2010]

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

Instruments)(1) Where the amount (hereafter in this Article referred to as "payment amount including bill of exchange, etc.") falling under any of the following subparagraphs is included in the purchase price (including the purchase price that is paid by any national who runs his/her enterprise that is not a small or medium enterprise to any other small or medium enterprise in use of the network loan system; hereafter the same shall apply in this Article) that is paid by any national

who runs the small or medium enterprise to any other small or medium enterprise on or before December 31, 2013, an amount that is computed in accordance with paragraph (2) shall be deducted from the income tax (limited to the income tax on the income accruing from the business) or the corporate tax: Provided, That if the deductible amount is in excess of 10/100 of the income tax or the corporate tax for the relevant taxable year, the ceiling of such deductible amount shall be 10/100:

<Amended by Act No. 10406, Dec. 27, 2010>

1. Amount settled by bill of exchange or a written request for the collection of proceeds from sale;
2. Amount spent by an exclusive - use card for corporate purchase, on which an agreement is concluded to the effect that the time limit for the payment of purchase price to the selling enterprise is within 60 days from the date on which tax invoice, account statement and receipt etc. under the Value - Added Tax Act, the Income Tax Act and the Corporate Tax Act (hereafter referred to as "tax invoice, etc." in this Article) on the relevant transaction are prepared and a credit card business operator is not entitled to exercise the right of recourse against the selling enterprise;
3. Amount paid by making use of the account receivable collateral loan system, on which an agreement is concluded to the effect that the time limit for repayment of loans extended to the purchasing enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution cannot exercise the right of recourse against the selling enterprise;
4. Amount paid by making use of the purchase loan system, on which an agreement is concluded to the effect that the time limit for the price settlement by the purchasing enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution cannot exercise the right of recourse against the selling enterprise;
5. Amount (limited to the amount loaned to the selling enterprise) paid by making use of the network loan system, on which an agreement is concluded to the effect that the time limit for the price settlement by the purchasing enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution exercises the right of recourse against the selling enterprise prior to the date on which the tax invoice, etc. are prepared and the relevant

financial institution exercises the right of recourse against the purchasing enterprise after the date on which the tax invoice, etc. are prepared.

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

1. [Payment amount including bill of exchange, etc. for which the payment deadline, the repayment deadline or the time limit for the price settlement is within 30 days from the date on which the tax invoice, etc. are prepared - amount of promissory note that is settled to pay the purchase price (referring to an amount that is smaller than or the same as the payment amount including bill of exchange, etc., for which the payment deadline, the repayment deadline or the time limit for the price settlement is within 30 days from the date on which the tax invoice, etc. are prepared)] × 5/1,000 (4/1,000 in cases of purchase price paid to small or medium enterprises by nationals who operate an enterprise which is not small or medium enterprises by making use of network loan system);

2. (Payment amount including bill of exchange, etc. for which the payment deadline, the repayment deadline or the time limit for the price settlement is longer than 30 days but shorter than 60 days from the date on which the tax invoice, etc. are prepared - amount of promissory note that is settled to pay the purchase price (referring to an amount that remains after being subtracted in subparagraph 1)) × 15/10,000.

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

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

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

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

pursuant to the terms and forms set forth by the Governor of the Bank of Korea in connection with the loans for financing business purchases;

4. The term "written request for collection of sale proceeds" means a document prepared in electronic forms and transmitted by a selling enterprise to his/her bank for getting the sale proceeds paid pursuant to the terms and forms set forth by the Governor of the Bank of Korea in connection with the loans for financing business purchases;
 5. The term "exclusive - use card for business purchase" means a credit card or debit card received by a purchasing enterprise from a credit card company under the Specialized Credit Finance Business Act in order to pay the purchase price, which is not usable at any general credit card member shops and is issued for the only purpose of paying the purchase price to the relevant selling enterprise under the contract among the purchasing enterprise, the selling enterprise and the credit card company;
 6. The term "account receivable loan" means a loan in which a selling enterprise pledges accounts receivable owed by a purchasing enterprise as collateral and obtains a loan from a financial institution, and the purchasing enterprise pays back such loan owed by the selling enterprise to the financial institution, which is executed in accordance with the terms and conditions determined by the Governor of the Bank of Korea;
 7. The term "purchase loan system" means the settlement method by which any purchasing enterprise enters into a loan ceiling agreement with any financial institution under which such purchasing enterprise settles the purchase price for selling enterprises using the amount of loans extended by such financial institution by making use of the data processing system and the purchasing enterprise repays loans to the financial institution on or before the date of maturity;
 8. The term "network loan system" means the settlement method by which any selling enterprise enters into a loan ceiling agreement with any financial institution and such selling enterprise gets loans from such financial institution based on the order book of the purchasing enterprise and the purchasing enterprise repays loans to such financial institution by means of electronic settlement.
- (4) A national who desires to be eligible for the application of paragraphs (1) and (2) shall file an application for tax credit, as prescribed by Presidential Decree.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 7 - 3 Deleted. <by Act No. 7003, Dec. 30, 2003>

Article 7 - 4 (Tax Credits on Payments Settled through Win - Win Payment System)(1)

Where a national who operates a small or medium enterprise pays any purchase price (referring to a purchase price as defined under Article 7 - 2 (3) 1; the same shall apply hereafter in this Article) to other small and medium enterprises through the win - win payment system prescribed by Presidential Decree (hereafter referred to as the "win - win payment system" in this Article), on or before December 31, 2017, and such price meets all the following conditions, the national is eligible for tax credits calculated by the formula prescribed in paragraph (2) from the income tax (limited to the income tax on business income) or corporate tax: Provided, That the maximum tax credit shall be 10/100 of the income tax or corporate tax, if the tax credit so calculated exceeds 10/100 of the income tax or corporate tax for the relevant taxable year:

1. The ratio of the price paid in cash or cash equivalents prescribed by Presidential Decree, to the purchase price paid during the relevant taxable year, shall be higher than the ratio in the immediately preceding taxable year;
2. The amount of promissory notes delivered to pay the purchase price during the relevant year shall not exceed the amount of promissory notes delivered during the immediately preceding taxable year.

(2) The amount of tax credits granted under paragraph (1) shall be the aggregate of the amount computed under subparagraph 1 and the amount computed under subparagraph 2:

1. The amount paid through the win - win payment system, where the payment deadline is within 15 days from the issue date of the tax invoice, etc. referred to in Article 7 - 2 (1) 2; the same shall apply hereafter in this Article) \times 2/1,000;
2. The amount paid through the win - win payment system, where the payment deadline falls more than 15 but not more than 60 days from the issue date of the

tax invoice, etc. × 1/1,000.

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

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

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

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

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

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

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

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

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

calculating the amount of income in each business year. <Amended by Act No. 10406, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 8 - 3 (Tax Credits for Contributions to Funds for Collaborative Cooperation)(1)

Where a domestic corporation makes any of the following contributions for collaborative cooperation, defined in subparagraph 3 of Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises, or subparagraph 19 of Article 2 of the Special Act on Assistance to Farmers, Fishers, etc. Following the Conclusion of Free Trade Agreements, by December 31, 2019, the domestic corporation is entitled to deduct the equivalent to 10/100 of the relevant contribution from corporate tax for the business year in which such contribution is made: Provided, That such domestic corporation is ineligible to claim a deduction if it uses such contribution to support any of the related parties prescribed by Presidential Decree: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14122, Mar. 29, 2016; Act No. 14390, Dec. 20, 2016>

1. A contribution to 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") for the purposes of providing guarantee or loans to a small or medium enterprise prescribed by Presidential Decree, such as a commissioned enterprise defined in subparagraph 6 of Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises (hereafter in this Article, referred to as "small or medium enterprises requiring cooperation");
2. A contribution to the Foundation for the Cooperation of Large, Small and Medium Enterprises, Agriculture and Fisheries incorporated under the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises (including the Agricultural and Fishing Villages Collaborative Cooperation Fund incorporated under the Special Act on Assistance to Farmers, Fishers, etc. Following the Conclusion of Free Trade Agreements; hereafter in this

Article, referred to as the "Cooperation Foundation").

(2) Where a domestic corporation gratuitously leases any of the tangible fixed assets prescribed by Presidential Decree to a small or medium enterprise requiring cooperation by December 31, 2019, as prescribed by Presidential Decree, to assist the small or medium enterprise requiring cooperation (excluding where the small or medium enterprise requiring cooperation is any of the related parties prescribed by Presidential Decree of the domestic corporation), the domestic corporation is entitled to deduct the equivalent to 3/100 of the book value of the tangible fixed asset from corporate tax for the business year in which it starts leasing the tangible fixed asset gratuitously, as prescribed by Presidential Decree. <Newly Inserted by Act No. 14390, Dec. 20, 2016>

(3) The Credit Guarantee Fund Korea, the Korea Technology Finance Corporation, and the Cooperation Foundation shall separate the account for the contributions to which tax credits have been granted under paragraph (1), from the accounts of other funds. <Amended by Act No. 14122, Mar. 29, 2016>

(4) Where the Credit Guarantee Fund Korea or the Korea Technology Finance uses contributions it has received under paragraph (1) for any purpose other than those set forth in the same paragraph, it shall pay the equivalent of the tax credit the domestic corporation has received under paragraph (1), as corporate tax, when it files a tax return of the relevant business year. <Amended by Act No. 14122, Mar. 29, 2016; Act No. 14390, Dec. 20, 2016>

(5) Where a domestic corporation ceases to gratuitously lease the tangible fixed asset within five years after it starts leasing it gratuitously under paragraph (2), it shall pay the equivalent of the tax credit it has received under paragraph (2), as corporate tax, when it files a tax return of the relevant business year. <Newly Inserted by Act No. 14390, Dec. 20, 2016>

(6) A domestic corporation that intends to be granted a tax credit pursuant to paragraph (1) or (2), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

[This Article Newly Inserted by Act No. 10406, Dec. 27, 2010]

SECTION 2 Special Taxation for Research and Human Resources Development

Article 9 (Inclusion of Reserves for Research and Human Resources Development in

Deductible Expenses)(1) When a national has accumulated reserves for research and human resources development to appropriate them for expenses necessary for research development and human resources development (hereinafter referred to as "research and human resources development") until the taxable year which is completed on or before December 31, 2013, the relevant amount shall be included in deductible expenses when calculating the amount of income within the extent of the amount calculated by multiplying the amount of income of the relevant taxable year (referring to turnover calculated pursuant to corporate accounting standards under Article 43 of the Corporate Tax Act; hereafter the same shall apply in Article 10) by 3/100. <Amended by Act No. 11133, Dec. 31, 2011 >

(2) Reserves for research and human resources development included in the deductible expenses (limited to necessary expenses for independent research and development in case of research and development for the development of new service and service delivery system) pursuant to paragraph (1) shall be included in the gross income according to the following subparagraphs:<Amended by Act No. 11133, Dec. 31, 2011 >

1. For reserves equivalent to the amount used for expenses prescribed by Presidential Decree (hereinafter referred to as "research and human resources development expenses") of the expenses involved in research and human resources development until the completion date of the taxable year to which the date when three years have passed belongs on or after the completion date of the taxable year when the relevant reserves have been included in the deductible expenses, the amount calculated by multiplying the amount given by the reserves divided by 36, by the number of months of the taxable year shall be included in the gross income when the amount of income of each taxable year is calculated from the taxable year to which the date when three years have passed belongs;
2. If reserves included in the deductible expenses exceed the amount to be included in the gross income pursuant to subparagraph 1, the reserves equivalent to the exceeding part shall be included in the gross income when the amount of income is calculated for the taxable year to which the date when three years have passed

belongs on or after the completion date of the taxable year when such reserves have been included in the deductible expenses: Provided, That the amount not used for research and human resources development due to a change in a business plan or such after reserves were included in the deductible expenses may be included in the gross income before the taxable year to which the date when such three years have passed belongs.

(3) If a reason falling under any of the following subparagraphs arises to any national who has reserves for research and human resources development included in the deductible expenses pursuant to paragraph (1), the total amount of reserves for research and human resources development not included in the gross income shall be included in the gross income when the amount of income of the taxable year, to which the date when such reason arose belongs, is calculated:

1. When the relevant business has been discontinued;
2. When a juristic person has been dissolved: Provided, That in cases of dissolution due to merger or split - off (including split - off and merger), where a merged juristic person, a juristic person newly established following split - off or the counterpart of split - off and merger has succeeded to the relevant reserves for research and human resources development, this shall not apply.

(4) Where reserves for research and human resources development are included in the gross income pursuant to paragraph (2) 2 or (3), with respect to reserves equivalent to the amount not used for research and human resources development from among the relevant reserves, the additional amount equivalent to interest calculated as prescribed by Presidential Decree, shall be paid as the income tax or corporate tax when a report of tax base of the relevant taxable year is made, and the relevant amount of tax shall be deemed to be the amount of tax to be paid pursuant to Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act.

(5) The term "research and development" under paragraph (1) means activities to achieve scientific or technical development and to develop new service and service delivery system, "human resources development" means activities educating and training executives or employees employed by a national, and the specific scope thereof shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

(6) Any national who intends to be governed by paragraph (1) shall present a detailed statement of reserves for research and human resources development.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 10 (Tax Credits for Research and Human Resources Development Expenses)(1)

Where a national has research and human resources development expenses incurred in a taxable year, the aggregate of the following amounts shall be subtracted from the income tax (limited to income tax on business income) or corporate tax for the relevant taxable year. In such cases, subparagraph 1 shall apply only to research and human resources development expenses incurred by no later than December 31, 2018: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. As regards the research and development expenses incurred in the new growth engine industries prescribed by Presidential Decree or the research and development expenses incurred in acquiring source technologies (hereafter in this Article, referred to as "research and development expenses incurred for new growth engines or source technologies"), an amount calculated by multiplying the research and development expenses incurred for new growth engines or source technologies during the relevant taxable year, by the rate classified as follows:

(a) Where the national is a small or medium enterprise: 30/100;

(b) Where the national is not a small or medium enterprise: The ratio calculated by the following formula (the maximum shall be 30/100): $20/100 + (\text{the ratio of the research and development expenses incurred for new growth engines or source technologies to the revenue for the relevant taxable year} \times \text{the multiplying factor prescribed by Presidential Decree})$

2. Deleted; <by Act No. 14390, Dec. 20, 2016>

3. As regards the research and human resources development expenses (hereafter in this Article, referred to as "general research and human resources development expenses") not specified in subparagraph 1, or incurred by a national who does not select subparagraph 1, either of the following amounts that the national selects: Provided, That an amount referred to in item (b) where no general research and human resources developments expenses incur for the four years retroactively

from the date the relevant taxable year commences, or where the amount of the general research and human resources developments expenses incurred in the immediately preceding taxable year is less than the annual average of the general research and human resources development expenses incurred for the four preceding years retroactively from the date the relevant taxable year commences:

(a) Where the general research and human resources development expenses incurred in the relevant taxable year, exceed the general research and human resources development expenses incurred in the immediately preceding taxable year, the equivalent to 30/100 of such excess (or 40/100 in cases of a middle - standing enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "middle - standing enterprise")); and 50/100 in cases of a small or medium enterprise);

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

(i) Where the national is a small or medium enterprise: 25/100;

(ii) Where a small or medium enterprise first ceases to be a small or medium enterprise, as prescribed by Presidential Decree: The rate classified as follows:
a. From the commencement date of the taxable year during which it first ceases to be a small or medium enterprise, until the taxable year that ends within three years thereafter: 15/100; b. Until the taxable year that ends within two years since the period referred to in a. above: 10/100;

(iii) Where a middle - standing enterprise does not fall under sub - item (ii): 8/100;

(iv) Where none of sub - items (i) through (iii) is applicable to the national: The ratio calculated by the following formula (the maximum shall be 3/100): $1/100 +$ (the ratio of the general research and human resources development expenses to the revenue for the relevant taxable year $\times 1/2$)

(2) The classification and calculation of the annual average of the general research and human resources development expenses incurred for the four preceding years, as referred to in paragraph (1) 3, and other necessary matters, shall be prescribed by Presidential Decree.

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

(4) Any national who intends to be granted a tax credit pursuant to paragraph (1) 1, shall separate the account for general research and human resources development expenses from the account for research and development expenses incurred for new growth engines and source technologies, as prescribed by Presidential Decree.

<Amended by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

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

Development)(1) Where a national accepts assets, such as a contribution (hereafter referred to as "research and development contribution, etc." in this Article), on or before December 31, 2018, for purposes of conducting research and development, etc. pursuant to the Basic Research Promotion and Technology Development Support Act or any other Act prescribed by Presidential Decree and keeps separate accounts of the research and development contribution, etc. in a manner prescribed by Presidential Decree, the national may exclude an amount equivalent to the research and development contribution, etc. from gross income, for the purposes of calculating the amount of income for the relevant taxable year. <Amended by Act No. 10445, Mar. 9, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

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

1. Where the research and development contribution, etc. is disbursed to meet the research and development expenses concerned: Including an amount equivalent to the disbursed amount in gross income, for the purposes of calculating the amount of income for the taxable year in which the date of such disbursement falls;
2. Where the research and development contribution, etc. is disbursed to acquire an asset used for the research and development concerned: Including an amount equivalent to the disbursed amount in gross income in a manner prescribed by Presidential Decree.

(3) Where a national who has excluded an amount equivalent to the research and development contribution, etc. from gross income pursuant to paragraph (1) misappropriates the research and development contribution, etc. or discontinues his/her business or is dissolved before fully disbursing the research and development contribution, etc. for the research and development, the remaining amount shall be

included in gross income, for the purposes of calculating the amount of income for the taxable year during which such cause occurs: Provided, That the same shall not apply where a corporation, etc. that is newly incorporated through a merger or division succeeds to the amount, and such amount shall be deemed to be excluded by said corporation, etc. from gross income pursuant to paragraph (1).

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

(5) For the purposes of paragraphs (1) through (4), the submission of statements of the research and development contribution, etc. excluded from gross income and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 11 (Tax Credits for Investment in Facilities for Research and Human Resources Development)(1) Where a national invests in facilities for research and human

resources development (excluding investing in used facilities and through lease prescribed by Presidential Decree) by no later than December 31, 2018, the national is entitled to deduct the equivalent to 1/100 (or 3/100 for a middle - standing enterprise prescribed by Presidential Decree; and 6/100 for a small or medium enterprise) of the amount invested, from income tax (limited to income tax on business income) or corporate tax for the taxable year in which such investment is completed. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) "Facilities for research and human resources development" in paragraph (1), means the following: <Amended by Act No. 14390, Dec. 20, 2016 >

1. Facilities for research and experimenting prescribed by Presidential Decree;
2. Facilities for vocational training prescribed by Presidential Decree;
3. Deleted. <by Act No. 14390, Dec. 20, 2016 >

(3) Where the investment referred to in paragraph (1) is made over at least two taxable years, paragraph (1) may apply to each amount invested for each taxable year in which such investment is made.

(4) Matters necessary for calculating the amount invested under paragraph (3), shall be prescribed by Presidential Decree.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 12 (Special Taxation for Transfer, Acquisition, etc. of Technology)(1) Where a small or medium enterprise or a middle - standing enterprise prescribed by Presidential Decree, transfers a patent, utility model right, technical knowhow, or technology obtained as a result of its own research and development, as prescribed by Presidential Decree (hereafter in this Article, referred to as "patent, etc."), to a national (excluding transferring a patent, etc. to any of the related parties prescribed by Presidential Decree), by no later than December 31, 2018, such enterprise is entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax on income accruing from the transfer. <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) Where a national acquires a patent, etc. from another national who holds the patent, etc. prescribed by Presidential Decree obtained as a result of his/her own research and development (excluding acquiring a patent, etc. from any of the related parties prescribed by Presidential Decree) by no later than December 31, 2018, such national is entitled to deduct an amount calculated by multiplying the acquisition cost by the rate classified as follows, from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year. In such cases, the maximum deductible shall not exceed 10/100 of the income tax or corporate tax for the relevant taxable year:<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. Where the acquirer is a small or medium enterprise: 10/100;

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

(3) Where a small or medium enterprise grants a license for a patent, etc. prescribed by Presidential Decree, obtained as a result of its own research and development, by

no later than December 31, 2018 (excluding granting a license to any of the related parties prescribed by Presidential Decree), such enterprise is entitled to an income or corporate tax reduction by the equivalent to 25/100 of the income tax or corporate tax levied on income accruing from the grant of such license. <Newly Inserted by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

(4) Any national who intends to be granted a tax reduction, exemption, or credit pursuant to paragraphs (1) through (3), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

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

(1) Where any of the following enterprises that occupy a special research and development zone defined in subparagraph 1 of Article 2 of the Special Act on Promotion of Special Research and Development Zones, engages in a business prescribed by Presidential Decree, such as the biotech industry or the information and communications industry (hereafter in this Article, referred to as "business eligible for reduction or exemption") at the place of business (hereafter in this Article, referred to as "place of business eligible for reduction or exemption") located in the special research and development zone, the reduction or exemption of income tax or corporate tax shall be granted, as prescribed in paragraphs (2) through (6): <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11232, Jan. 26, 2012; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015 >

1. A high - tech enterprise designated by no later than December 31, 2018 pursuant to Article 9 (1) of the Special Act on Promotion of Special Research and Development Zones;
2. A research - based spin - off company registered by no later than December 31, 2018 pursuant to Article 9 - 3 (2) of the Special Act on Promotion of Special Research and Development Zones.

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

of the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of designation or registration, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter.

<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013>

(3) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, where an enterprise engages in any of the services businesses prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and where the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (2) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount:

<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The lesser of the following:
 - (a) Number of full - time employees at the place of business eligible for reduction or exemption in the relevant taxable year x 10 million won;
 - (b) 20/100 of the cumulative investments referred to in subparagraph 1;
3. The lesser of the following:
 - (a) Number of full - time employees at the place of business eligible for tax reduction or exemption in the relevant taxable year x 20 million won;
 - (b) 100/100 of the cumulative investments referred to in subparagraph 1.

(4) For the purposes of applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in subparagraph (3) 2 shall be applied. <Newly Inserted by Act No. 10406, Dec. 27, 2010>

(5) Where the number of full - time employees each taxable year at the place of business eligible for reduction or exemption during the period until the end of the taxable year falling on the second anniversary from the end of the taxable year in which a tax reduction or exemption was granted, has decreased as compared with the number of full - time employees in the taxable year in which a tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016 >

(6) For the purposes of paragraphs (3) through (5), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010 >

(7) Any person who wishes to be granted a tax credit under paragraph (2), shall file an application therefor, as prescribed by Presidential Decree.

(8) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (3), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 12 - 3 (Tax Credits for Technological Innovation - Oriented Mergers)(1) Where a domestic corporation merges with a technological innovation - oriented small or medium enterprise prescribed by Presidential Decree (excluding a merger with a related party prescribed by Presidential Decree) as at December 31, 2018, upon fully satisfying the following conditions, the equivalent to 10/100 of the technical value prescribed by Presidential Decree, out of the transfer value paid by the merging corporation to the merged corporation (hereafter in this Article, referred to as "transfer value"), shall be deducted from the corporate tax of the relevant business year: <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. The merger shall be conducted between domestic corporations, each of which has continued its business for at least one year as at the date the merger is registered;
2. The transfer value shall be at least 130/100 of the net asset value of the merged corporation as at the date the merger is registered;
3. The value of stocks or equity shares that the stockholders or investors (hereafter in this Article, referred to as "stockholders, etc. ") of the merged corporation receive following the merger shall be less than 50/100 of the total price for the merger, and the stockholders, etc. of the merged corporation prescribed by Presidential Decree shall not be controlling stockholders, etc. of the merging corporation from the date the merger is registered until the end of the business year in which the merger is registered;
4. The merging corporation shall continue the business succeeded from the merged corporation until the end of the business year in which the merger is registered.
 - (2) Where any of the following events occurs in relation to a domestic corporation granted a deduction of corporate tax under paragraph (1) during the period prescribed by Presidential Decree not exceeding three years, the domestic corporation shall pay the amount of tax deducted under paragraph (1) plus the amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, as corporate tax, at the time of filing its tax return for the business year in which the relevant event occurs:
 1. Where the stockholders, etc. of the merged corporation prescribed by Presidential Decree, become controlling stockholders, etc. of the merging corporation;
 2. Where the merging corporation discontinues the business succeeded from the merged corporation.
 - (3) For the purposes of paragraph (1) 4 or (2) 2, in extenuating circumstances prescribed by Presidential Decree, the merging corporation shall be deemed to continue the business succeeded from the merged corporation.
 - (4) Calculation of the transfer value, and the net assets value of a merged corporation; calculation of the total price for the merger; scope of controlling stockholders, etc.; criteria for determining whether a merging corporation continues or discontinues the business succeeded under paragraphs (1) and (2); and other necessary matters, shall be prescribed by Presidential Decree.

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

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

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

(1) Where a domestic corporation (hereafter in this Article, referred to as "acquiring corporation") acquires (excluding acquiring stocks, etc. from a related party prescribed by Presidential Decree) stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") of a technological innovation - oriented small or medium enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "acquired corporation"), as at December 31, 2018, upon fully satisfying the following conditions, the equivalent to 10/100 of the technical value prescribed by Presidential Decree out of the purchase value, shall be deducted from the corporate tax of the relevant business year: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. The acquisition shall be made between domestic corporations, each of which has continued its business for at least one year as at the date the acquiring corporation first acquires the stocks, etc. of the acquired corporation (hereafter in this Article, referred to as "date of acquisition");
2. The stocks, etc. acquired by the acquiring corporation on the date of acquisition, shall exceed 50/100 of the total number of outstanding stocks or equity shares of the acquired corporation as at the date of acquisition (or 30/100, if the acquiring corporation is the largest investor in the acquired corporation with de facto control over the management of the acquired corporation), and the acquiring corporation shall hold such stocks, etc. until the end of the business year in which the stocks, etc. are acquired;
3. The purchase price of the stocks, etc. acquired by the acquiring corporation on the date of acquisition, shall exceed the amount calculated by multiplying the amount of item (a) by the rate of item (b):
 - (a) 130/100 of the net asset value of the acquired corporation as at the date of acquisition;
 - (b) The ratio of stocks, etc. acquired on the date of acquisition to the total number of outstanding stocks or equity shares of the acquired corporation as at the date

of acquisition (hereafter in this Article, referred to as "stockholding ratio");

4. The value of stocks or equity shares shall be less than 50/100 of the total price that the stockholders or investors (hereafter in this Article, referred to as "stockholders, etc. ") of the acquired corporation receive by selling stocks, etc., and the stockholders, etc. of the acquired corporation prescribed by Presidential Decree shall not be controlling stockholders, etc. of the acquiring corporation or the acquired corporation from the date of acquisition until the end of the business year in which the date of acquisition falls;

5. The acquired corporation shall continue the business in which it has been engaged until the end of the business year in which the date of acquisition falls.

(2) Where any of the following events occurs in relation to a domestic corporation granted a deduction of corporate tax under paragraph (1) during the period prescribed by Presidential Decree not exceeding five years, the domestic corporation shall pay the amount of tax deducted under paragraph (1) plus the equivalent to the interest calculated by the formula prescribed by Presidential Decree, as corporate tax, at the time of filing its tax return for the business year in which the relevant event occurs: <Amended by Act No. 13560, Dec. 15, 2015>

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

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

3. Where the stockholding ratio of the acquiring corporation to the acquired corporation as at the end of each business year, falls below its stockholding ratio as at the date of acquisition: Provided, That the reduction of the stockholding ratio due to any of the following events shall be excluded herefrom:

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

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

(c) Where a small or medium business start - up investment company referred to in Article 13 (1) 1, a new technology venture capitalist referred to in Article 13 (1)

2, or a business start - up investment fund, etc. referred to in Article 13 (1) 3, invests (excluding purchasing stocks or equity shares owned by third persons).

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

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

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

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 13 (Non - Taxation on Gains, etc. from Transferring Stocks of Small or Medium Business Start - Up Investment Companies, etc.)

(1) No corporate tax shall be levied on gains from transferring any of the following stocks or equity shares: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13082, Jan. 28, 2015; Act No. 14122, Mar. 29, 2016; Act No. 14390, Dec. 20, 2016>

1. Stocks or equity shares acquired by a small or medium business start - up investment company (hereinafter referred to as "small or medium business start - up investment company") or an accelerator (hereinafter referred to as "accelerator") under the Support for Small and Medium Enterprise Establishment Act, in return for its investment in a business starter (hereinafter referred to as "business starter") under the same Act, a venture business, or a company specializing in the start - up of new technology - based businesses under Act on Special Measures for the Promotion of Venture Businesses (limited to a small or medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises; hereinafter referred to as "company specializing in the start - up of new technology - based businesses"), by no later than December 31, 2017;

2. Stocks or equity shares acquired by a new technology venture capitalist (hereinafter referred to as "new technology venture capitalist") under the

Specialized Credit Finance Business Act, in return for its investment in a new technology business entity licensed under the Korea Technology Finance Corporation Act (hereinafter referred to as "new technology business entity"), a venture business, or a company specializing in the start - up of new technology - based businesses, by no later than December 31, 2017;

3. Stocks or equity shares acquired by a small or medium business start - up investment company, an accelerator, a limited - liability company established under the Commercial Act pursuant to Article 4 - 3 (1) 3 of the Act on Special Measures for the Promotion of Venture Businesses (hereafter in this Article, referred to as "limited - liability company investing in venture businesses"), or a new technology venture capitalist, in return for its investment in a business starter, a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses through any of the following funds (hereinafter referred to as "business start - up investment fund, etc."), by no later than December 31, 2017:

(a) A small or medium business start - up investment fund registered under the Support for Small and Medium Enterprise Establishment Act (hereinafter referred to as "small or medium business start - up investment fund");

(b) The Korea Venture Fund established under Article 4 - 3 of the Act on Special Measures for the Promotion of Venture Businesses (hereinafter referred to as the "Korea Venture Fund");

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

(d) A specialized investment fund for materials and components 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");

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

4. Stocks or equity shares acquired by a corporation prescribed by Presidential Decree among those managing and operating funds or those operating a mutual aid

business (hereafter in this Article, referred to as "fund management corporation, etc."), in return for its investment in a business starter, a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses through a business start - up investment fund, etc., by no later than December 31, 2017;

5. Stocks or equity shares acquired by a small or medium enterprise start - up investment company or a new technology venture capitalist, in return for its investment in a small or medium enterprise listed on the KONEX (referring to the KONEX established under the Financial Investment Services and Capital Markets Act and the Enforcement Decree of the same Act) (hereafter in this Article and Article 117, referred to as "KONEX - listed corporation"), by no later than December 31, 2017;

6. Stocks or equity shares acquired by a small or medium enterprise start - up investment company, a limited - liability company investing in venture businesses, or a new technology venture capitalist, in return for its investment in a KONEX - listed corporation through a business start - up investment fund, etc., by no later than December 31, 2017.

(2) For the purposes of paragraph (1) 1 through 4, an investment means acquisition of stocks or equity shares of a business starter, a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses by a small or medium business start - up investment company, an accelerator, a limited - liability company investing in venture businesses, a new technology venture capitalist, or a fund management corporation, etc. directly or through a business start - up investment fund. etc. in any of the following manners; however, acquisition through purchasing stocks or equity shares owned by any third person, shall be excluded herefrom: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

1. Paying a share capital at the time of incorporation of the relevant enterprise;
2. Paying subscription money for new shares issued by the relevant enterprise to increase its capital within seven years from its incorporation;
3. Acquiring stocks or equity shares of the relevant enterprise at the time of capitalization of its surplus within seven years from its incorporation;

4. Acquiring stocks or equity shares of the relevant enterprise at the time of conversion of its liabilities into capital within seven years from its incorporation.

(3) For the purposes of paragraph (1) 5 or 6, an investment means acquisition of stocks or equity shares of a KONEX - listed corporation, by a small or medium business start - up investment company, a limited - liability company investing in venture businesses, or a new technology venture capitalist directly or through a business start - up investment fund, etc. in any of the following manners; however, acquisition through purchasing stocks or equity shares owned by any third person, shall be excluded herefrom:<Newly Inserted by Act No. 12173, Jan. 1, 2014>

1. Paying subscription money for new shares issued by the relevant enterprise to increase its capital within two years after getting its stocks listed;
2. Acquiring stocks or equity shares of the relevant enterprise at the time of capitalization of its surplus within two years after getting its stocks listed;
3. Acquiring stocks or equity shares of the relevant enterprise at the time of conversion of its liabilities into capital within two years after getting its stocks listed.

(4) No corporate tax shall be levied on dividend income received from any investment under paragraph (1) in a business starter, a new technology business entity, a venture business, a company specializing in the start - up of new technology - based businesses, or a KONEX - listed corporation by a small or medium business start - up investment company, an accelerator, a limited - liability company investing in venture businesses, or a new technology venture capitalist, by no later than December 31, 2017.<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>

(5) Calculation of capital gains and dividend income under paragraphs (1) through (4), and other necessary matters, shall be prescribed by Presidential Decree.<Amended by Act No. 12173, Jan. 1, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

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

(1) Where a domestic corporation prescribed by Presidential Decree acquires any of the following stocks or equity shares, by no later than December 31, 2019, the domestic corporation is entitled to deduct the equivalent to

5/100 of the acquisition price of the stocks or equity shares from corporate tax for the relevant business year: Provided, That, if such corporation acquires stocks or equity shares of any related party prescribed by Presidential Decree, the amount shall not be deducted:

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

(2) For the purposes of paragraph (1), an investment means acquisition of stocks or equity shares by a domestic corporation in any of the following manners; however, acquisition through purchasing stocks or equity shares owned by any third person, shall be excluded herefrom:

1. Paying a share capital at the time of incorporation of the relevant enterprise;
2. Paying subscription money for new shares issued by the relevant enterprise to increase its capital within seven years from its incorporation.

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

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

(5) Matters necessary for the scope, etc. of the controlling stockholder, etc. referred to in paragraphs (1) through (4), shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

Article 14 (Special Taxation for Investment in Business Starters, etc.)(1) Article 94 (1) 3 of the Income Tax Act shall not apply to transferring any of the following stocks or equity shares (only applicable to the stocks or equity shares specified in subparagraphs 1, 2, 2 - 2, 2 - 3, and 3 through 6, if they are acquired in any of the manners prescribed under Article 13 (2)): Provided, That acquisition through purchasing stocks or equity shares specified in subparagraphs 1, 2, 2 - 2, 2 - 3, and 3 through 6, owned by any third person, shall be excluded herefrom: <Amended by Act No. 6045, Dec. 28, 1999; Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 7577, Jul. 13, 2005; Act No. 7839, Dec. 31, 2005; Act No. 8146, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 13082, Jan. 28, 2015; Act No. 14127, Mar. 29, 2016; Act No. 14390, Dec. 20, 2016>

1. Stocks or equity shares acquired in return for an investment in a small or medium business start - up investment company or a new technology venture capital company under the Specialized Credit Finance Business Act;
2. Stocks or equity shares acquired by a small or medium business start - up investment fund in return for its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
- 2 - 2. Stocks or equity shares acquired by the Korea Venture Fund in return for its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
- 2 - 3. Stocks or equity shares acquired by an agriculture and food investment fund in return for its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
3. Stocks or equity shares acquired by a new technology venture capital fund in return for its investment in a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses;

4. Stocks or equity shares prescribed by Presidential Decree, acquired in return for an investment in a venture business (including acquisition in return for an investment in a venture business through a fund under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses);
5. Stocks or equity shares acquired in return for an investment in an accelerator;
6. Stocks or equity shares acquired by a specialized investment fund for materials and components in return for its investment in a business starter, a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses;
7. Stocks of a venture business traded by the method prescribed in subparagraph 1 (b) of Article 3 of the Securities Transaction Tax Act (limited to stocks transferred by any person other than a majority stockholder referred to in Article 104 (1) 11 (a) of the Income Tax Act).

(2) Deleted.<by Act No. 9272, Dec. 26, 2008>

(3) Deleted.<by Act No. 7003, Dec. 30, 2003>

(4) The relevant fund or partnership shall withhold income tax on the following incomes when it pays such income to its members or partners:<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 13082, Jan. 28, 2015>

1. Dividend income obtained by a small or medium business start - up investment fund from its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
- 1 - 2. Dividend income obtained by the Korea Venture Fund from its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
- 1 - 3. Dividend income obtained by an agriculture and food investment fund through its investment in a business starter, a venture business, or a company specializing in the start - up of new technology - based businesses;
2. Dividend income obtained by a new technology venture capital fund from its investment in a new technology business entity, a venture business, or a company specializing in the start - up of new technology - based businesses;
3. Dividend income obtained by a corporate restructuring limited partnership registered pursuant to Article 15 of the Industrial Development Act (referring to the Industrial Development Act in force prior to the amendment by Act No. 9584)

from its investment in an enterprise subject to restructuring under Article 14 (4) of the same Act;

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

(5) Notwithstanding the Income Tax Act and the Corporate Tax Act, a small or medium business start - up investment fund, the Korea Venture Fund, an agriculture and food investment fund, a new technology venture capital fund, a corporate restructuring limited partnership, or a specialized investment fund for materials and components, shall withhold income tax or corporate tax from income that is attributable to it and referred to any subparagraph of Article 16 (1) of the Income Tax Act or Article 17 (1) 5 of the same Act, when it pays such income to its members or partners. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 13082, Jan. 28, 2015 >

(6) In cases of income referred to in paragraphs (4) and (5), the gross income less expenses disbursed by the relevant fund or partnership (limited to expenses relative to gross income), shall be deemed the interest income or dividend income, notwithstanding Article 16 (2) of the Income Tax Act and the main sentence of Article 17 (3) of the same Act. <Amended by Act No. 9921, Jan. 1, 2010 >

(7) Paragraphs (4) through (6) shall only apply to income accruing by no later than December 31, 2017. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014 >

(8) Paragraph (1) 1 shall apply only to stocks or equity shares acquired by no later than December 31, 2009; paragraph (1) 2, 2 - 2, 2 - 3, and 3 through 7 shall apply only to stocks and equity shares acquired by no later than December 31, 2017. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

Article 15 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 16 (Income Deductions for Contributions, etc. to Small or Medium Business Start - Up Investment Funds)

(1) Where a resident makes any of the following contributions or investments, the resident is entitled to deduct the equivalent (which

shall not exceed 50/100 of the amount of global income for the relevant taxable year) to 10/100 (or 100/100 for an amount up to 15 million won; 50/100 for an amount between 15 million won and 50 million won; and 30/100 for an amount exceeding 50 million won, in cases of a contribution or an investment provided for in subparagraph 3 or 4) of the amount contributed or invested by no later than December 31, 2017, from his/her global income for one taxable year he/she chooses, of the taxable years from the taxable year in which such contribution or investment is made until the taxable year falling on the second anniversary from the date of such contribution or investment: Provided, That this shall not apply where the resident makes a contribution or investment by acquiring equity shares, investment shares, or beneficiary certificates from any third person: <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13082, Jan. 28, 2015; Act No. 14390, Dec. 20, 2016>

1. Where the resident contributes to a small or medium business start - up investment fund, the Korea Venture Fund, a new technology venture capital fund, or a specialized investment fund for materials and components;
2. Where the resident invests in beneficiary certificates of a venture business investment trust prescribed by Presidential Decree (hereafter in this Article, referred to as "venture business investment trust");
3. Where the resident invests the amount contributed to an association established under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses, 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;
4. Where the resident invests in a venture business, etc. under the Act on Special Measures for the Promotion of Venture Businesses;
5. Where the resident invests in a private equity fund specializing in business start - ups and venture businesses.

(2) Where any of the following events occurs by no later than the third anniversary from the date a resident granted an income deduction under the main sentence of paragraph (1) made a contribution or an investment, the head of the tax office having

jurisdiction over his/her residence or the withholding agent shall additionally collect an amount of tax equivalent to income already deducted, as a penalty, as prescribed by Presidential Decree: Provided, That this shall not apply if a contributor or investor dies, or if any ground prescribed by Presidential Decree, arises: <Amended by Act No. 9921, Jan. 1, 2010; Amended by Act No. 11133, Dec. 31, 2011; Act No. 14390, Dec. 20, 2016>

1. Where the resident transfers or collects his/her equity shares or investment shares referred to in paragraph (1) 1 or 5;
2. Where the resident transfers or resells beneficiary certificates of a venture business investment trust referred to in paragraph (1) 2;
3. Where the resident transfers or collects equity shares or investment shares referred to in paragraph (1) 3 and 4.

(3) Deleted. <by Act No. 8146, Dec. 30, 2006>

(4) For the purposes of paragraphs (1) and (2), the limits and calculation of deductible amounts; filing an application for income deduction; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010>

Article 16 - 2 (Special Treatment in Payment of Gains from Exercising Stock Options of Venture Businesses)

(1) An executive officer or employee of a venture business referred to in Article 16 (1) 4 (hereafter in this Article, referred to as "executive officer, etc. of a venture business"), may pay income tax on the gains (referring to the difference between the market value at the time a stock option is exercised and the actual purchase price, and the stocks include preemptive rights; hereafter in this paragraph, the same shall apply) accruing upon exercising his/her stock option granted from that venture business (including where an executive officer, etc. of a venture business exercises his/her stock option after his/her retirement), as at December 31, 2018, as follows: Provided, That the same shall not apply where the difference between the exercising price of the stock option and the market value, is paid in cash: <Amended by Act No. 13560, Dec. 15, 2015>

1. No income tax shall be withheld, notwithstanding Articles 127, 134, and 145 of the Income Tax Act, where the executive officer, etc. of the venture business files an application for special treatment in payment with the withholding agent with respect

to the gains accruing upon exercising his/her stock option;

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

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

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

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

[This Article Newly Inserted by Act No. 12031, Aug. 13, 2013]

Article 16 - 3 (Special Taxation for Gains from Exercising Stock Options) (1) Where any person prescribed by Presidential Decree, being an executive officer or employee of a venture business (hereafter in this Article, referred to as “ executive officer or employee of a venture business ”), files an application to be eligible under paragraph (2), as prescribed by Presidential Decree, regarding the gains (referring to the difference between the market price and the actual purchase price as at the time of exercise of a stock option, and stocks include preemptive rights; hereafter in this Article the same shall apply) accruing upon exercising (including exercising a stock option granted to an executive officer or employee of a venture business after

his/her retirement) a stock option granted by the venture business, which meets the following conditions (hereafter in this Article, referred to as “ qualified stock option ”), such person may be exempt from income tax at the time of exercising the stock option, notwithstanding Article 20 or 21 of the Income Tax Act: <Amended by Act No. 14390, Dec. 20, 2016 >

1. The stock option shall be a stock option defined in Article 16 - 3 of the Act on Special Measures for the Promotion of Venture Businesses, and shall meet the requirements prescribed by Presidential Decree;

2. The total value of the stock options exercised (hereafter in this Article, referred to as "total option price") from the taxable period falling on the second anniversary retrospectively from the exercise date of the stock options granted by the venture business, until the taxable period in which the exercise date of the stock options falls, shall not exceed 500 million won.

(2) Where no income tax is levied under paragraph (1) at the time of exercising a qualified stock option, capital gains tax shall be levied on the capital gains accruing from the transfer of stocks acquired by exercising the qualified stock option (including stocks acquired gratuitously by transferring the surplus of the venture business in equity for the holding of the relevant stocks), deeming such stocks to be the stocks, etc. defined in Article 94 (1) 3 of the Income Tax Act, notwithstanding the aforesaid provisions.<Amended by Act No. 13560, Dec. 15, 2015 >

(3) Where capital gains tax is levied under paragraph (2), the actual purchase price at the time of exercising a qualified stock option shall be deemed the acquisition price defined in Article 97 (1) 1 of the Income Tax Act.

(4) Where no income tax is levied under paragraph (1) (including income tax levied under paragraph (5) after exercising a stock option), the amount prescribed by Presidential Decree, which are expenses incurred in exercising a qualified stock option, shall be excluded from deductible expenses for the purposes of calculating the amount of income for each business year of the relevant venture business, notwithstanding Articles 19, 20, and 52 of the Corporate Tax Act.<Amended by Act No. 14390, Dec. 20, 2016 >

(5) Notwithstanding paragraph (1), in any of the following cases, income tax shall be levied on an executive officer or employee of a venture business (in cases falling under subparagraph 2, income tax shall be imposed on all gains accrued by

exercising the stock option within the period stated in paragraph (1) 2) pursuant to Article 20 or 21 of the Income Tax Act. In such cases, the time to which income belongs shall be the taxable year in which the date classified as follows, falls:

[<Amended by Act No. 14390, Dec. 20, 2016>](#)

1. Where the executive officer or employee gives the stocks acquired by exercising the qualified stock option to a third person as a gift, or disposes of such stocks before the lapse of one year from the exercise date (excluding extenuating circumstances prescribed by Presidential Decree, such as where the venture business becomes bankrupt): The date of donation or the date of disposition;
2. Where the total option price exceeds 500 million won: The date the total option price exceeds 500 million won.

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

(7) Article 14 (1) 7 shall not apply where capital gains tax is levied under paragraph (2).

(8) For the purposes of paragraphs (1) through (7), the procedures for applying for, and implementing, the special taxation, and other necessary matters, shall be prescribed by Presidential Decree.

[\[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014\]](#)

Article 16 - 4 (Special Taxation for Gains from Investment of Industrial Property Rights in Kind)

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

resident may be exempt from income tax at the time of acquisition of such stocks, notwithstanding Article 21 of the Income Tax Act, if that resident files an application, as prescribed by Presidential Decree, to inform his/her intention to pay capital gains tax when he/she transfers the stocks to any third person. <Amended by Act No. 14390, Dec. 20, 2016>

(2) Capital gains tax shall be levied on capital gains accruing from the transfer of stocks that a resident has received from a venture business, etc. in return for investment of his/her industrial property right under paragraph (1), deeming such stocks to be the stocks, etc. defined in Article 94 (1) 3 of the Income Tax Act, notwithstanding the items of Article 94 (1) 3 of the same Act. <Amended by Act No. 14390, Dec. 20, 2016>

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

(4) A venture business, etc. that grants stocks or 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"), shall submit data prescribed by Presidential Decree as necessary for the purposes of paragraphs (1) through (3), including data about investing industrial property rights in kind and data about transferring stocks acquired in return for the investment in kind, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

(5) Article 14 (1) 4 and 7 shall not apply where capital gains tax is levied under paragraph (2).

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

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 17 Deleted. <by Act No. 8827, Dec. 31, 2007>

Article 18 (Income Tax Reductions for Foreign Engineers)(1) A foreign engineer prescribed by Presidential Decree shall be granted a tax reduction equivalent to 50/100 of the income tax on the earned income from the offer of his/her services to a national in the Republic of Korea until the month in which the date falling on two years from the date (applicable only to the period until December 31, 2018) such foreign engineer started to offer his/her services in Korea falls. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

(2) Deleted.<by Act No. 12853, Dec. 23, 2014>

(3) When a withholding agent pays earned income for which income tax reduction is granted under paragraph (1), he/she shall withhold an amount equivalent to 50/100 of the income tax to be collected under Article 127 of the Income Tax Act.<Amended by Act No. 12853, Dec. 23, 2014>

(4) Anyone who wishes to obtain a tax reduction under paragraph (1) shall file an application for tax reduction, as prescribed by Presidential Decree.<Amended by Act No. 12853, Dec. 23, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 18 - 2 (Special Taxation for Foreign Workers)(1) Deleted. <by Act No. 10406, Dec. 27, 2010>

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

first provides labor in the Republic of Korea, may be calculated by multiplying the relevant earned income by 19/100, notwithstanding Article 55 (1) of the Income Tax Act. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

(3) The provisions concerning non - taxation, tax deductions, reductions, exemptions, and tax credits related to income tax under the Income Tax Act and this Act, shall not apply for the purposes of paragraph (2); and the earned income shall not be included in the tax base of global income under Article 14 (2) of the Income Tax Act. <Amended by Act No. 12853, Dec. 23, 2014 >

(4) A withholding agent may withhold an amount calculated by multiplying the relevant earned income by 19/100, when paying the monthly earned income to a foreign worker, notwithstanding Article 134 (1) of the Income Tax Act. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 14390, Dec. 20, 2016 >

(5) Any foreign worker who wishes to be granted a tax deduction under paragraph (2) or (4), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 19 Deleted. <by Act No. 6297, Dec. 29, 2000 >

SECTION 3 Special Taxation for International Capital Transactions

Article 20 (Special Taxation for Introduction of Public Loans)(1) Taxes to be borne by a lender under subparagraph 10 of Article 2 of the Introduction and Management of Public Loans Act (hereafter in this Article referred to as "lender") in direct connection with the introduction of public loans under subparagraph 6 of Article 2 of the abovementioned Act (hereafter in this Article referred to as "public loans") shall be reduced or exempted under conditions stipulated by a public loan agreement under subparagraph 7 of Article 2 of the abovementioned Act (hereafter in this Article referred to as "public loan agreement").

(2) The income tax or corporate tax on royalties or service fees paid to any foreigner in connection with the introduction of a public loan shall be reduced or

exempted under such terms and conditions as prescribed by the relevant public loan agreement.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 21 (Corporate Tax Exemptions, etc. on Interest Income, etc. from International Financial Transactions)(1) A person (excluding residents, domestic corporations, and domestic business places of foreign corporations) shall be exempt from income tax or corporate tax on any of the following incomes: <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014 >

1. Interest and fees on the foreign currency bonds issued overseas by the State, local governments, or domestic corporations;
2. Interest and fees that a foreign exchange agency permitted under the Foreign Exchange Transactions Act pays to a foreign financial institution for foreign currency loans obtained from the financial institution for its foreign exchange business under the aforesaid Act and payable in the foreign currency to the financial institution;
3. Interest and fees paid on the foreign currency bills or foreign currency deposit certificates issued or sold overseas by financial companies, etc. prescribed by Presidential Decree under the conditions as prescribed by the Foreign Exchange Transactions Act.

(2) Deleted.<by Act No. 6762, Dec. 11, 2002 >

(3) Any income accruing from an overseas transfer, by a non - resident or a foreign corporation, of the securities prescribed by Presidential Decree that have been issued by the State, local governments, or domestic corporations, shall be exempt from the income tax or corporate tax.<Amended by Act No. 9921, Jan. 1, 2010 >

Article 21 - 2 (Non - Taxation of Interest Income Tax on Foreign Currency Time Deposits of Non - Residents, etc.)(1) Where a non - resident or foreign corporation (excluding domestic business places of non - residents or foreign corporations; hereafter referred to as "non - residents, etc." in this Article) opens an account of foreign currency time deposit prescribed by Presidential Decree the contract period of which is not less than one year, on or before December 31, 2015, no income tax or

corporate tax shall be imposed on the interest accrued from the relevant deposit during the contract period.

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

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

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 22 (Exemption from Corporate Tax on Dividend Income from Investment in

Overseas Resources Development)(1) Where a domestic corporation's income for each business year ending on or before December 31, 2015 includes any dividend income from its investment in overseas resources development projects under Presidential Decree as prescribed by the Foreign Exchange Transactions Act (including a resources processing business under the foreign capital inducement conditions set forth by the host country), only the portion of such dividend exempted from the tax of the host country shall be exempted from corporate tax. <Amended by Act No. 11614, Jan. 1, 2013>

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 23 Deleted. <by Act No. 9272, Dec. 26, 2008>

SECTION 4 Special Taxation for Investment Promotion**Article 24 (Tax Credits for Investment, etc. in Facilities for Improving Productivity)(1)**

Where a national makes an investment in any of the following facilities (excluding any investment in used facilities and investment through lease prescribed by Presidential Decree) by not later than December 31, 2017 in order to improve productivity, an amount equivalent to 3/100 of the amount of the investment (5/100 in cases of a middle - standing enterprise prescribed by Presidential Decree, or 7/100 in cases of a small or medium enterprise) shall be subtracted from the income tax (limited to the income tax on business income) or corporate tax of the national:

<Amended by Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 6762, Dec. 11, 2002; Act No. 7003, Dec. 30, 2003; Act No. 7322, Dec. 31, 2004; Act No. 8146, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

1. Facilities prescribed by Presidential Decree, being facilities for improvement and automation of process;
2. Equipment prescribed by Presidential Decree that belongs to high - technology equipment;
3. Deleted; <by Act No. 6297, Dec. 29, 2000>
4. and 5. Deleted; <by Act No. 10406, Dec. 27, 2010>
6. Computers and peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for the management of the supply chain, including material procurement, production planning, and inventory management, in an electronic format, the depreciation period of which is two years or longer (hereinafter referred to as "facilities for supply chain management system");
7. Computers and peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for the management of customer relationship, including integration and analysis of data on customers and marketing, in an electronic format, the depreciation period of which is two years or longer (hereinafter referred to as "facilities for customer relationship management system");

8. Computers and peripheral devices, software, telecommunications facilities, and other tangible and intangible facilities used for the strategic and efficient management of logistics process, including purchasing, management of orders, production, warehouse management, inventory management, and distribution network, the depreciation period of which is two years or longer;

9. Systems prescribed by Presidential Decree, such as a knowledge management system to systematize and share knowledge held by the executives and employees hired by nationals.

(2) Where a small or medium enterprises use any of the facilities referred to in paragraph (1) 6 and 7, which are held by any third person by no later than December 31, 2017, via the Internet to increase its productivity, an amount equivalent to 7/100 of the user fees shall be subtracted from its income tax (limited to the income tax on business income) or corporate tax. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014 >

(3) Article 11 (1), (3) and (4) shall apply mutatis mutandis to the method of granting tax credits under paragraph (1) or (2). <Amended by Act No. 9921, Jan. 1, 2010 >

(4) Any national who intends to obtain a tax credit under paragraphs (1) and (2) shall file an application for tax credits, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010 >

Article 25 (Tax Credits for Investment, etc. in Safety Facilities) (1) Where a national invests in any of the following facilities prescribed by Presidential Decree (excluding investing in used facilities or through lease prescribed by Presidential Decree) as deemed necessary for industrial and safety policies (including commodities in cases falling under subparagraph 1; hereafter in this Article, the same shall apply), by not later than December 31, 2017, the national is entitled to deduct the equivalent to 3/100 (or 5/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; or 7/100 in cases of a small or medium enterprise (or 10/100 where a small or medium enterprise invests in the facilities prescribed in subparagraph 9)) of the amount invested, from his/her income tax (limited to income tax on business income) or corporate tax. In such cases, Article 11 (1), (3), and (4) shall apply mutatis mutandis to methods for granting tax credits: <Amended by Act No. 6297, Dec. 29, 2000; Act No. 6762, Dec. 11, 2002; Act No. 7003, Dec. 30, 2003; Act No. 7322, Dec.

31, 2004; Act No. 8146, Dec. 30, 2006; Act No. 9432, Feb. 6, 2009; Act No. 9921, Jan. 1, 2010; Act No. 10310, May 25, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 11989, Jul. 30, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

1. Fire - fighting facilities defined in Article 2 of the Installation, Maintenance, and Safety Control of Fire - Fighting Systems Act (excluding fire - fighting facilities that shall be installed in specific objects of fire service under Article 9 of the aforesaid Act), and other commodities prescribed by Presidential Decree for fire - fighting;
2. Deleted; <by Act No. 8827, Dec. 31, 2007 >
3. Facilities for distribution business conducted under the Distribution Industry Development Act;
4. Facilities installed in a commissioned enterprise by a commissioning enterprise under the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises;
5. Industrial disaster prevention facilities;
6. Mining safety facilities;
7. Facilities reinforced or expanded by a designated enterprise requiring intensive management under the Emergency Resources Management Act, in order to perform his/her emergency preparedness duties in compliance with the Government's order to reinforce and expand such facilities;
8. Facilities for preventing hazardous elements, which are installed by the business operators subject to the Hazard Analysis Critical Control Point under Article 9 of the Livestock Products Sanitary Control Act or Article 48 of the Food Sanitation Act;
9. Facilities installed to prevent illegal transfer of technology;
10. Facilities installed to develop overseas resources;
11. Facilities installed to reinforce earthquake - resistant structures.

(2) Any national who intends to be granted a tax credit pursuant to paragraph (1), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010 >

Article 25 - 2 (Tax Credits for Investment in Energy - Saving Facilities)(1) Where a national invests in energy - saving facilities prescribed by Presidential Decree

(excluding investing in used facilities or through lease prescribed by Presidential Decree), by not later than December 31, 2018, the national is entitled to deduct the equivalent to 1/100 (or 3/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; and 6/100 in cases of a small or medium enterprise) of the amount invested, from income tax (limited to income tax on business income) or corporate tax. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) For the purposes of paragraph (1), Article 11 (1), (3), and (4) shall apply mutatis mutandis to methods for granting tax credits.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 25 - 3 (Tax Credits for Investment in Facilities for Environmental Conservation)

(1) Where a national invests in any facility for environmental conservation prescribed by Presidential Decree (excluding investing in used facilities or through leases prescribed by Presidential Decree), by not later than December 31, 2018, the national is entitled to deduct the equivalent to 3/100 (or 5/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; and 10/100 in cases of a small or medium enterprise) of the amount invested, from income tax (limited to income tax on business income) or corporate tax. In such cases, Article 11 shall apply mutatis mutandis to methods for granting tax credits. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 25 - 4 (Tax Credits for Investment in Facilities to Improve Quality Control of Medical Supplies)

(1) Where a national invests in facilities to improve the quality control of medical supplies prescribed by Presidential Decree (excluding investing in used facilities or through leases prescribed by Presidential Decree), by not later than December 31, 2019, the national is entitled to deduct the equivalent to 1/100 (or 3/100 in cases of a middle - standing enterprise prescribed by Presidential Decree;

and 6/100 in cases of a small or medium enterprise) of the amount invested, from income tax (limited to income tax on business income) or corporate tax. In such cases, Article 11 shall apply mutatis mutandis to methods for granting tax credits. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 25 - 5 (Tax Credits for Investment in Facilities for Commercializing New Growth Technologies)

(1) Where a national invests in facilities for commercializing new growth technologies prescribed by Presidential Decree (excluding investing in used facilities or through lease prescribed by Presidential Decree), by not later than December 31, 2018, upon satisfying all the following conditions, the national is entitled to deduct the equivalent to 5/100 (or 7/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; and 10/100 in cases of a small or medium enterprise) of the amount invested (referring to the amount calculated by subtracting ten million won per full - time employees decreased from the relevant amount in cases falling under the proviso to subparagraph 2; and the amount, which is a negative figure, shall be deemed nil), from income tax (limited to income tax on business income) or corporate tax for the taxable year in which the investment is made:

1. The ratio of research and human resources development expenses to the revenue (referring to sales calculated according to the Business Accounting Standards) for the taxable year immediately preceding the taxable year in which the national begins the investment, shall be at least 5/100; and research and development expenses for new growth engines and source technologies, etc. prescribed in Article 10 (1) 1, shall meet the requirements prescribed by Presidential Decree;
2. The number of full - time employees during the relevant taxable year, shall not be smaller than that of full - time employees during the immediately preceding taxable year: Provided, That the tax credit shall also apply where the number of full - time employees during the relevant taxable year is smaller than the number of full - time employees during the immediately preceding taxable year, in cases of a small or

medium enterprise.

(2) Where any of the following events occurs in relation to a national granted a deduction of income tax or corporate tax under paragraph (1) or Article 144 (4), the national shall pay the equivalent to the amount of tax deducted (the equivalent to the interest calculated as prescribed by Presidential Decree shall be added thereto, in cases falling under subparagraph 2), as income tax or corporate tax, as prescribed by Presidential Decree:

1. Where the number of full - time employees each taxable year during the period, from the end of the taxable year in which he/she is granted a tax deduction until the end of the taxable year falling on the second anniversary therefrom, is smaller than that of full - time employees for the taxable year in which he/she is granted a tax deduction;
2. Where the national uses the relevant facility for any purpose other than the intended purpose within three years from the date he/she completes an investment in that asset.

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

(4) For the purposes of paragraphs (1) through (3) or Article 144 (4), methods for identifying relevant technologies and facilities; the scope and number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

Article 25 - 6 (Tax Credit for Production Costs of Video Content)(1) Where a national prescribed by Presidential Decree has any cost prescribed by Presidential Decree (hereafter in this Article, referred to as "production costs of video content") incurred in producing any of the following broadcast programs or motion pictures prescribed by Presidential Decree (hereafter in this Article, referred to as "video content"), in the Republic of Korea, by not later than December 31, 2019, the national is entitled to deduct the equivalent to 3/100 of the production costs of video content (or 7/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; and 10/100 in cases of a small or medium enterprise), from income tax (limited to income tax on business income) or corporate tax, for the taxable year in which the video content first broadcasts or premieres in a cinema, as prescribed by

Presidential Decree:

1. Broadcast programs defined in Article 2 of the Broadcasting Act;
2. Motion pictures defined in Article 2 of the Promotion of the Motion Pictures and Video Products Act.

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

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

Article 26 (Tax Credits for Employment - Creating Investment)(1) Where a national makes an investment prescribed by Presidential Decree (excluding investing in used goods or through lease prescribed by Presidential Decree, and investing in the over-concentration control region of the Seoul Metropolitan area; hereafter in this Article, the same shall apply), by not later than December 31, 2017, and the number of full-time employees in the relevant taxable year is not smaller than that of full-time employees in the immediately preceding taxable year, the national is entitled to deduct the aggregate of the following amounts from income tax (limited to income tax on business income) or corporate tax each taxable year in which the investment is made: Provided, That subparagraph 1 shall also apply where the number of full-time employees in the relevant taxable year is smaller than that of full-time employees in the immediately preceding taxable year in cases of a small or medium enterprise. In such cases, the amount of deduction shall be the amount calculated by subtracting ten million won per number of full-time employees decreased from the amount calculated under subparagraph 1, and if such amount is a negative number, it shall be deemed nil: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12031, Aug. 13, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016; Act No. 14760, Apr. 18, 2017 >

1. Basic deduction amount: The equivalent to 3/100 of the amount invested, in cases of a small or medium enterprise; or the amount prescribed in the following, in cases of a middle-standing enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "middle-standing enterprise"):

- (a) The equivalent to 1/100 of the amount invested, if the middle - standing enterprise invests in a growth management region classified under Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act or a nature preservation region classified under Article 6 (1) 3 of the aforesaid Act (hereafter in this Article, referred to as "region outside the over - concentration control region of the Seoul Metropolitan area");
 - (b) The equivalent to 2/100 of the amount invested, if the middle - standing enterprise invests in any region outside the Seoul Metropolitan area;
2. Additional deduction amount: It shall be the equivalent to 3/100 (or 6/100 in cases of a small or medium enterprise; and 5/100 in cases of a middle - standing enterprise) of the amount invested, if such investment is made in a region outside the over - concentration control region of the Seoul Metropolitan area; or 4/100 (or 7/100 in cases of a small or medium enterprise; and 6/100 in cases of a middle - standing enterprise) of the amount invested, if such investment is made in any region outside the Seoul Metropolitan area, but the amount shall be determined by adding the equivalent to 1/100 of the amount invested thereto, if the taxpayer engages in any of the service businesses prescribed by Presidential Decree: Provided, That, if the amount exceeds an amount calculated by subtracting the amount specified in item (d) from the aggregate of the amounts specified in items (a) through (c) in the order listed below, such excess shall be deemed nil:
- (a) Number of graduates from schools prescribed by Presidential Decree which conduct vocational education and training, such as high schools operating the aligned curricula directly linked to industry demand as schools defined in Article 2 of the Elementary and Secondary Education Act, among the full - time employees who have first entered into an employment contract in the relevant taxable year (hereinafter referred to as "high school, etc. aligned to industry demand") × 20 million won (or 25 million won in cases of a small or medium enterprise);
 - (b) Number of youth employees, employees with disabilities, and employees aged at least 60 years among the full - time employees excluding those referred to in item (a) who have first entered into an employment contract in the relevant taxable year × 15 million won (or 20 million won in cases of a small or medium enterprise);

- (c) (Number of the full - time employees in the relevant taxable year - number of the full - time employees in the immediately preceding taxable year - number of graduates referred to in item (a) - number of youth employees, employees with disabilities, and employees aged at least 60 years referred to in item (b)) × 10 million won (or 15 million won in cases of a small or medium enterprise);
- (d) Amount of deduction carried forward in the relevant taxable year under Article 144 (3).

(2) Where a domestic corporation is to make an interim prepayment under Article 63 of the Corporate Tax Act (excluding any interim prepayment made under the proviso to Article 63 (1) of the same Act and Article 63 (5)) or is to make a consolidated interim prepayment under Article 76 - 18 of the same Act (excluding any interim prepayment made under the proviso to Article 76 - 18 (1) of the same Act and Article 76 - 18 (3)), and makes an investment eligible under paragraph (1) during the period of interim prepayment, the domestic corporation may pay, as its interim prepayment, an amount calculated by subtracting the amount of tax credits equivalent to such investment during the period of interim prepayment calculated by applying mutatis mutandis paragraph (1) from the amount of tax for interim prepayment. In such cases, "relevant taxable year" shall be construed as "period of interim prepayment." <Amended by Act No. 11133, Dec. 31, 2011>

(3) Where a resident is to make an interim prepayment under Article 65 of the Income Tax Act, and makes an investment eligible under paragraph (1) during the period of interim prepayment, the resident may file a tax return on interim prepayment with the head of the tax office having jurisdiction over the place of tax payment for an amount calculated by subtracting the amount of tax credits equivalent to such investment during the period of interim prepayment calculated by applying mutatis mutandis paragraph (1) (its ceiling shall be the amount of tax on business income out of the amount of tax for interim prepayment) from the amount of tax for interim prepayment between November 1 and November 30. In such cases, "relevant taxable year" shall be construed as "period of interim prepayment." <Amended by Act No. 11133, Dec. 31, 2011>

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

<Amended by Act No. 11133, Dec. 31, 2011>

(5) Where the amount of tax for interim prepayment paid or filed under paragraph (2) or (3), is less than 50/100 of the minimum amount of tax in the immediately preceding taxable year calculated under Article 132, the amount of tax credits equivalent to such deficiency during the period of interim prepayment shall not be subtracted.<Newly Inserted by Act No. 11133, Dec. 31, 2011>

(6) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax deduction was granted, until the end of the taxable year falling on the second anniversary therefrom, has decreased as compared with that of full - time employees in the taxable year in which the tax deduction was granted, a taxpayer granted a deduction of income tax or corporate tax pursuant to paragraph (1) or Article 144 (3), shall pay the equivalent to the amount of tax deducted, as income tax or corporate tax, as prescribed by Presidential Decree.<Amended by Act No. 11133, Dec. 31, 2011>

(7) Where the amount of tax deducted, equivalent to the investment during the period of interim prepayment granted under paragraphs (2) and (3), exceeds the amount of tax deducted, equivalent to the investment eligible under paragraph (1) in the relevant taxable year, an amount equivalent to such excess shall be paid as income tax or corporate tax, at the time of filing the tax base of the relevant taxable year.<Amended by Act No. 11133, Dec. 31, 2011>

(8) For the purposes of paragraphs (1) through (3) and (6), or Article 144 (3), the scopes of full - time employees, youth employees, employees with disabilities, and employees aged at least 60 years; methods for calculating the number of full - time employees, graduates from high schools, etc. aligned to industry demand, youth employees, employees with disabilities, and employees aged at least 60 years; and other necessary matters, shall be prescribed by Presidential Decree.<Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014>

(9) Any national who wishes to be granted a tax credit pursuant to paragraphs (1) through (3), shall file an application therefor, as prescribed by Presidential Decree.<Amended by Act No. 11133, Dec. 31, 2011>

[This Article Wholly Amended by Act No. 10406, Dec. 27, 2010]

Article 27 Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 27 - 2 Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 28 (Special Taxation for Including Depreciation Cost of Service Businesses in Deductible Expenses)(1) Where a national who engages in any of the service businesses prescribed by Presidential Decree and who meets both of the following requirements acquires any of the fixed assets prescribed by Presidential Decree (hereafter referred to as "assets invested in plant and equipment" in this Article) to use it for the relevant business, by not later than December 31, 2015, the national may include the depreciation cost of the relevant assets invested in plant and equipment in deductible expenses, for the purpose of computing income for the relevant taxable year, up to the amount calculated by the formula prescribed by Presidential Decree, irrespective of whether such national has recognized the depreciation cost as deductible expenses at the time of settling the accounts for each taxable year:

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

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

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

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

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

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

(2) Paragraph (1) shall not apply where the aggregate of acquisition costs of the assets invested in plant and equipment that a small or medium enterprise or a middle - standing enterprise acquires during the relevant business year, is smaller than that of acquisition costs of the assets invested in plant and equipment acquired during the immediately preceding business year.

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

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

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

Article 29 (Separate Taxation on Interest Income from Social Infrastructure Bonds)With respect to interest derived from social infrastructure bonds prescribed by Presidential Decree, which mature in seven or more years from the date of issue until the date of final repayment and are issued no later than December 31, 2014, notwithstanding Article 14 of the Income Tax Act, such interest income shall not be included in the tax base of global income when the tax base of global income is calculated, tax rate under Article 129 (1) 1 (d) of the same Act shall apply.

<Amended by Act No. 11614, Jan. 1, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 4 - 2 Special Taxation for Employment Support

Article 29 - 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) Where a small or medium enterprise has employed a person prescribed by Presidential Decree from among graduates of high schools, etc. aligned to industry demand, and such employee is reinstated by no later than December 31, 2017 after performing the military service prescribed by Presidential Decree (only applicable to where reinstatement is made within one year after completing the military service), the equivalent to 10/100 of the labor cost prescribed by Presidential Decree and paid to the reinstated employee for two years from the date of reinstatement, shall be deducted from income tax (only applicable to income tax on business income) or corporate tax of the relevant taxable year.

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

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 29 - 3 (Tax Credits for Small or Medium Enterprises Re - Employing Career - Interrupted Women)

(1) Where a small or medium enterprise enters into an employment agreement for at least one year (hereafter in this Article, referred to as "re - employment") with a woman who meets all of the following conditions (hereafter in this Article and Article 30, referred to as "career - interrupted woman"), by not later than December 31, 2017, the small or medium enterprise is entitled to deduct the equivalent to 10/100 of the labor cost prescribed by Presidential Decree paid to the career - interrupted woman from the date of re - employment until the month falling on the second anniversary therefrom, from income tax (limited to income tax on business income) or corporate tax payable for the relevant taxable year:

<Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. She shall have worked for that small or medium enterprise for at least one year (limited to where it is verified that such small or medium enterprise withheld the

income tax on the income earned by her, as prescribed by Presidential Decree);

2. She shall have resigned from that small or medium enterprise due to grounds prescribed by Presidential Decree, such as pregnancy, childbirth, or child - care;
3. A period of at least three to ten years shall have passed since the date of resignation from that small or medium enterprise;
4. She shall neither be the largest stockholder or investor of that small or medium enterprise (referring to the representative if the small or medium enterprise is an individual business entity), nor a related party prescribed by Presidential Decree of the largest stockholder or investor.

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

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 29 - 4 (Tax Credits for Enterprises Increasing Earned Income)(1) A national is entitled to deduct the equivalent to 5/100 (or 10/100 in cases of a small and medium enterprise and a middle - standing enterprise prescribed by Presidential Decree) of the portion of wages increased beyond the average wages for three immediately preceding years until the taxable year in which December 31, 2017 falls, from income tax (limited to income tax on business income) or corporate tax payable by the national for the relevant taxable year, if the national satisfies each of the following conditions:

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

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

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

(3) A national is entitled to deduct the equivalent to 5/100 (or 10/100 in cases of a middle - standing enterprise prescribed by Presidential Decree; or 20/100 in cases of a small or medium enterprise) of the aggregate of increased wages of employees whose status has been changed to regular employees and meet the requirements prescribed by Presidential Decree for the period and type of employment (hereafter in this Article, referred to as “ employees changed to regular employees ”) until the taxable year in which December 31, 2017 falls, from income tax (limited to income tax on business income) or corporate tax payable by the national for the relevant taxable year, if the national satisfies each of the following conditions:<Newly Inserted by Act No. 13560, Dec. 15, 2015>

1. The national has changed the status of any of his/her employees to a regular employee in the relevant taxable year;
2. The number of full - time employees in the relevant taxable year, shall be at least equal to that of full - time employees in the immediately preceding taxable year.

(4) Where a national granted a deduction of income tax or corporate tax under paragraph (3), terminates labor relations with any employee changed to a regular employee, during the period from the end of the taxable year in which the tax deduction was granted, until the end of the taxable year falling on the first anniversary therefrom, the national shall pay the amount of tax calculated as prescribed by Presidential Decree, as income tax or corporate tax, at the time of filing a tax return for the taxable year in which such labor relations terminate.<Newly Inserted by Act No. 13560, Dec. 15, 2015>

(5) Notwithstanding paragraph (1), a small or medium enterprise is entitled to deduct the amount equivalent to 10/100 of the portion of wages increased beyond the average increase in wages of all small or medium enterprises until the taxable year in which December 31, 2017 falls, from income tax (limited to income tax on business income) or corporate tax payable by it for the relevant taxable year, in lieu

of the amount specified in paragraph (1), if it satisfies each of the following conditions:<Newly Inserted by Act No. 14390, Dec. 20, 2016>

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

(6) The portion of wages increased beyond the average increase in wages of all small of medium enterprises referred to in paragraph (5), shall be calculated by the following formula:<Newly Inserted by Act No. 14390, Dec. 20, 2016>

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

(7) Any national who intends to be granted a tax credit under paragraph (1) or (3), shall file an application therefor, as prescribed by Presidential Decree.<Amended by Act No. 13560, Dec. 15, 2015>

(8) For the purposes of paragraphs (1) through (4), the scope of wages; methods for calculating the increase rate of the average wages and the mean increase rate of average wages for three immediately preceding years; the aggregate of increased wages of employees changed to regular employees; and other necessary matters, shall be prescribed by Presidential Decree.<Amended by Act No. 13560, Dec. 15, 2015>
[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 29 - 5 (Tax Credits for Enterprises Increasing Jobs for Youths)(1) Where the number of regular youth employees prescribed by Presidential Decree (hereafter in this Article, referred to as "number of regular youth employees") for the relevant taxable year, during the period until the taxable years in which December 31, 2017 falls, among the regular youth employees hired by a national (excluding nationals

that engage in the types of business prescribed by Presidential Decree, such as a consumer service business), exceeds the number of regular youth employees for the immediately preceding taxable year, the national is entitled to deduct an amount calculated by multiplying the increased number of persons (which shall not exceed the smaller of the increased number of regular employees prescribed by Presidential Decree (hereafter in this Article, referred to as "all regular employees") or the increased number of full - time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "full - time employees")), by three million won (or ten million won in cases of a small or medium enterprise; and seven million won in cases of a middle - standing enterprise prescribed by Presidential Decree), from income tax (limited to income tax on business income) or corporate tax payable by that national for the relevant taxable year. <Amended by Act No. 14760, Apr. 18, 2017>

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

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

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

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

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

(1) Where any of the core personnel of a small or medium enterprise as defined under subparagraph 6 of Article 2 of the Special Act on Support for Human Resources of Small and Medium Enterprises (excluding persons prescribed by Presidential Decree, such as the largest stockholder of the relevant enterprise;

hereafter referred to as "core personnel" in this Article) joins a mutual aid program provided by the Performance Compensation Fund for Core Personnel of Small and Medium Enterprises established under Article 35 - 2 of the same Act on or before December 31, 2018, pays contributions for at least five years, and then receives mutual aid payments from the Performance Compensation Fund, income tax shall be levied on the endowment paid by the relevant small or medium enterprise under subparagraph 1 of Article 35 - 3 of the same Act (hereafter referred to as "endowment" in this Article), deeming that such endowment is earned income under Article 20 of the Income Tax Act, but shall be reduced by an amount of tax equivalent to 50/100 of the income tax.

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

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

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

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

(1) Where a youth prescribed by Presidential Decree (hereafter in this paragraph, referred to as "youth"), a person aged at least 60, a person with a disability, or a career - interrupted woman, is employed by an enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "small or medium enterprise") among small or medium enterprises (including non - profit corporations) defined in Article 2 of the Framework Act on Small and Medium Enterprises, (or where a career - interrupted woman is reinstated in service by the same small or medium enterprise) during the period between January 1, 2012 (or January 1, 2014, in cases of a person aged at least 60, or a person with a disability) and December 31, 2018, the youth, the person aged at least 60, the person with a disability, or the career - interrupted woman is entitled to income tax reductions by the equivalent to 70/100 of income tax (the maximum for each taxable period shall be 1,500,000 won) on income that each of such persons earns from the small or medium enterprise until the month falling on the third anniversary (referring to the second anniversary from

the date reinstated, if the youth is reinstated in service for the small or medium enterprise to which he/she had provided his/her service before he/she was called for the performance of the military service prescribed by Presidential Decree, within one year after performing the military service; or the fifth anniversary from the date of initial employment, if the youth is reinstated in service within three years from the date of initial employment) from the date of employment (referring to the date of re - employment in cases of a career - interrupted woman; hereafter in this paragraph, the same shall apply). In such cases, the period eligible for income tax reductions shall be calculated from the date of initial employment, based on which income tax reductions are granted, irrespective of whether the person granted income tax reductions is employed by another small or medium enterprise or re - employed by the relevant small or medium enterprise, or whether the employment of such person is transferred to another small or medium enterprise as a consequence of a merger, division, business transfer, or any similar cause. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Any employee who wishes to be granted a tax reduction under paragraph (1), shall file an application therefor, with the withholding agent. <Amended by Act No. 11133, Dec. 31, 2011 >

(3) Upon receipt of an application for tax reductions filed under paragraph (2), the withholding agent shall submit a list of employees who have filed such application, to the head of the tax office having jurisdiction over the withholding, by not later than 10th of the month following the month during which it has received such application. <Amended by Act No. 11133, Dec. 31, 2011 >

(4) Upon receipt of a list of employees who have filed an application for tax reductions or exemptions under paragraph (3), if the head of the tax office having jurisdiction over the withholding ascertains that the relevant employee fails to meet the requirements prescribed under paragraph (1), he/she shall notify the withholding agent of such fact. <Amended by Act No. 11133, Dec. 31, 2011 >

(5) The withholding agent who has been notified that the employee who filed an application for tax reductions or exemptions pursuant to paragraph (4) fails to meet the requirements provided for in paragraph (1), shall withhold an amount calculated by adding the amount calculated by multiplying the aggregate of amounts short of the

amount of tax that should have been withheld initially by 105/100 to the amount of withholding tax on the earned income for the relevant month when he/she pays earned income as of the date he/she was notified as such: Provided, That, where the relevant employee has resigned, the withholding agent shall notify the head of the tax office having jurisdiction over withholding of such fact, as prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

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

(7) For the purposes of paragraph (1), where a person employed by a small or medium enterprise as at December 31, 2011 (excluding a career - interrupted woman), is re - employed by that small or medium enterprise through an extension of the initial term of the employment agreement as of January 1, 2012, the person is ineligible for income tax reductions provided for in paragraph (1). <Newly Inserted by Act No. 11133, Dec. 31, 2011; Act No. 14390, Dec. 20, 2016 >

(8) Except as otherwise expressly prescribed in paragraphs (1) through (7), the procedure for filing applications for income tax reductions or exemptions; documents to be submitted; and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 10068, Mar. 12, 2010]

Article 30 - 2 (Tax Credits for Change of Status to Regular Employees)(1) Where a small or medium enterprise or a middle - standing enterprise prescribed by Presidential Decree, changes the status of any fixed - term worker or part - time worker defined in the Act on the Protection, etc. of Fixed - Term and Part - Time Workers (hereafter in this Article, referred to as "fixed - term worker or part - time worker"), or temporary agency worker defined in the Act on the Protection, etc. of Temporary Agency Workers, who is employed as at June 30, 2016, or any fixed - term worker or part - time worker employed by any of its subcontractors defined in the Fair Transactions in Subcontracting Act, to an employee with whom it enters into an indefinite term employment contract, directly employs such temporary agency worker by the employer under the Act on the Protection, etc. of Temporary Agency

Workers, or directly employs such worker upon entering into an indefinite term employment contract by a prime contractor defined in Article 2 (2) 2 of the Fair Transactions in Subcontracting Act (hereafter in this Article, referred to as "change to a regular employee"), by not later than December 31, 2017, the small or medium enterprise is entitled to deduct an amount calculated by multiplying the number of employees changed to regular employees by seven million won (or five million won in cases of a middle - standing enterprise prescribed by Presidential Decree), from income tax (limited to income tax on business income) or corporate tax payable by it for the relevant taxable year. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016; Act No. 14760, Apr. 18, 2017 >

(2) Where a person granted a deduction of income tax or corporate tax pursuant to paragraph (1), terminates labor relations with a regular employee within one year from the date the relevant employee was changed to a regular employee, the person shall pay, as income tax or corporate tax, an amount calculated by adding the equivalent to interest calculated as prescribed by Presidential Decree, to the equivalent to the amount of tax deducted, at the time of filing a tax return for the taxable year in which such labor relations terminate.

(3) A national who wishes to be granted a tax credit pursuant to paragraph (1), shall file an application therefor in the form prescribed by Ordinance of the Ministry of Strategy and Finance, with the tax return for the relevant taxable year. <Amended by Act No. 14760, Apr. 18, 2017 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 30 - 3 (Special Taxation for Small or Medium Enterprises, etc. Maintaining

Employment)(1) A small or medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises, meeting each of the following conditions (hereafter in this Article, referred to as "small or medium enterprise maintaining employment"), is entitled to deduct an amount calculated by the formula prescribed in paragraph (2), from income or gross income each business year until the taxable year in which December 31, 2018 falls: <Amended by Act No. 9671, May 21, 2009; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015 >

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

(2) The amount of income deducted under paragraph (1) shall be the aggregate of the amount calculated under subparagraph 1 and the amount calculated under subparagraph 2 (if the amount is a negative figure, it shall be deemed nil): <Amended by Act No. 14390, Dec. 20, 2016 >

1. $(\text{Total annual wages of a full - time employee for the immediately preceding taxable year} - \text{Total annual wages of a full - time employee for the relevant taxable year}) \times \text{Number of full - time employees for the relevant taxable year} \times 50/100$;
2. $(\text{Hourly rate of a full - time employee for the relevant taxable year} - \text{Hourly rate of a full - time employee for the immediately preceding taxable year} \times 105/100) \times \text{Total working hours of all full - time employees for the relevant taxable year} \times 50/100$.

(3) A full - time employee who provides labor to a small or medium enterprise maintaining employment, may deduct the amount calculated by the following formula from earned income for the relevant year until the taxable year in which December 31, 2018 falls. If the deductible amount in such cases exceeds ten million won, such excess shall be deemed nil: <Amended by Act No. 13560, Dec. 15, 2015 >

$(\text{Total annual wages of the full - time employee for the immediately preceding taxable year} - \text{Total annual wages of the full - time employee for the relevant taxable year}) \times 50/100$.

(4) For the purposes of paragraphs (1) through (3), the scope of full - time employees, total wages, and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 9671, May 21, 2009 >

[This Article Newly Inserted by Act No. 9512, Mar. 25, 2009]

Article 30 - 4 (Tax Credits for Social Insurance Premiums for Increased Number of Employees in Small or Medium Enterprises)

(1) A small or medium enterprise is entitled to deduct the aggregate of the following amounts from income tax (limited to income tax on business income) or corporate tax payable by it for the relevant taxable year, if the number of its full - time employees increases between a certain taxable year and the immediately preceding taxable year, until the taxable years in which December 31, 2018 falls: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

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

(2) The social insurance referred to in paragraph (1) means:

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

(3) Any small or medium enterprise that intends to be granted a tax credit under paragraph (1), shall file an application therefor in the form prescribed by Ordinance of the Ministry of Strategy and Finance and an account statement of tax credits, at the time of filing its tax return for the relevant taxable year.

(4) For the purposes of paragraph (1), the scope of full - time employees and full - time youth employees, etc.; methods for calculating the increased number of full - time youth employees, etc. where a tax credit is applied under Article 29 - 3; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 11133, Dec. 31, 2011]

SECTION 5 Special Taxation for Corporate Restructuring

Article 30 - 5 (Special Taxation for Gift Tax on Start - Up Funds)(1) Where a resident aged at least 18 accepts donations of any property, other than property prescribed by Presidential Decree, such as land and buildings, from any of his/her parents aged at least 60 (including parents of his/her father or mother, if his/her father or mother is dead as at the time such donation is made; hereafter in this Article, the same shall apply), in order to start a small or medium enterprise that engages in any of the types of business prescribed under Article 6 (3), 500 million won shall be deducted from the taxable value of gift tax on the business start - up fund prescribed by Presidential Decree (the maximum taxable value of gift tax shall be three billion won (or five billion won, if the resident hires at least ten new employees through the start - up of business; hereafter in this Article, referred to as "start - up fund")), out of the value of the property that he/receives as a gift, and gift tax shall be levied at the tax rate of 10/100, notwithstanding Articles 53 and 56 of the Inheritance Tax and Gift Tax Act. If such resident receives donated start - up funds at least twice, or from each of his/her parents respectively, deductions shall apply based on the aggregate of taxable amounts of gift tax. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015 >

(2) A person in receipt of donated start - up funds shall commence his/her business within one year from the date of the donation. In such cases, situations prescribed by Presidential Decree, such as expansion of a business, shall be deemed a new

business startup, but none of the following cases shall be deemed a new business startup: <Amended by Act No. 13560, Dec. 15, 2015>

1. Where anyone succeeds to a previous business in the course of a merger, split-off, investment in kind, or acquisition of business, or operates the same type of business upon acquiring or purchasing assets used for a previous business;
2. Where a resident incorporates a new corporation upon converting a business he/she has operated, into a corporation;
3. Where anyone operates the same type of business as the previous business upon resuming the business after closure of the business;
4. Where it is impracticable to deem that a new business is commenced, as it involves adding another type of business, and in similar cases prescribed by Presidential Decree.

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

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

(5) Where a person in receipt of donated start-up funds commences his/her business pursuant to paragraph (2), the person shall submit a statement on the spending of start-up funds (including a statement on employment, if the donated start-up funds exceed three billion won), to the head of the tax office having jurisdiction over the place of payment of gift tax, on the date prescribed by Presidential Decree. In such cases, if that person fails to submit a statement on the spending of start-up funds or if the statement on the spending of start-up funds submitted is unclear, an amount calculated by multiplying the amount related to the portion on which no statement or a unclear statement has been submitted, by 3/1,000, shall be levied as penalty tax on the failure to submit the statement on the spending of start-up funds. <Amended by Act No. 13560, Dec. 15, 2015>

(6) A resident accorded special tax treatment with respect to gift tax on start-up funds under paragraph (1), shall be subject to gift tax and inheritance tax, respectively, on the following amounts pursuant to the Inheritance Tax and Gift Tax

Act, if any of the following events occurs. In such cases, the equivalent to interest calculated as prescribed by Presidential Decree, shall be added to gift tax to be levied: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

1. Where the resident fails to commence his/her business pursuant to paragraph (2):
The start - up funds;
 2. Where the resident spends the start - up funds for engaging in a type of business, other than those prescribed under Article 6 (3): The start - up funds spent for a type of business, other than those prescribed under Article 6 (3);
 3. Where the resident fails to spend the newly donated start - up funds pursuant to paragraph (3): The start - up funds not spent for the relevant purpose;
 4. Where the resident fails to spend all of the start - up funds for the relevant purpose by the third anniversary from the date such start - up funds are donated pursuant to paragraph (4): The start - up funds not spent for the relevant purpose;
 5. Where the resident misappropriates the donated start - up funds (including the value increased by the start - up business, calculated by the formula prescribed by Presidential Decree; hereinafter referred to as "start - up funds, etc.") for other purposes within ten years after receiving the donated start - up funds: The start - up funds, etc. misappropriated for other purposes;
 6. Where the resident closes his/her business within ten years after startup of the business, or in other cases prescribed by Presidential Decree: The start - up funds, etc., and other amount prescribed by Presidential Decree;
 7. Where the donated start - up funds exceed three billion won, and the number of employees during each taxable year, within five years from the end of the taxable year in which the date of commencement of business falls, does not exceed the number calculated by the following formula: The start - up fund in excess of three billion won: Number of employees on the date of commencement of business - (Number of new employees hired by commencing a business - 10 persons).
- (7) For the purposes of Article 3 - 2 (1) of the Inheritance Tax and Gift Tax Act, start - up funds shall be deemed donated property added to the inherited property.
<Amended by Act No. 13560, Dec. 15, 2015>
- (8) For the purposes of Article 13 (1) 1 of the Inheritance Tax and Gift Tax Act, start - up funds shall be added to the taxable value of inheritance tax, regardless of

the period from the date the start - up funds are donated until the date the inheritance commences; for the purposes of subparagraph 3 of Article 24 of the same Act, no start - up funds shall be deemed the value of the donated property added to the taxable value of inheritance tax.

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

(10) Where gift tax is levied on start - up funds, the value of property other than start - up funds donated by the same person (including his/her spouse) as a gift, shall not be added to the taxable value of gift tax on start - up funds, notwithstanding Article 47 (2) of the Inheritance Tax and Gift Tax Act; and even where the tax return of gift tax on start - up funds is filed, the tax credit for a voluntary return under Article 69 (2) of the aforesaid Act, shall not apply. <Amended by Act No. 12853, Dec. 23, 2014 >

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

(12) The imposition of gift tax and the inheritance tax shall be governed by the Inheritance Tax and Gift Tax Act, except as otherwise expressly provided for in this Article.

(13) Article 30 - 6 shall not apply to residents granted tax credits under paragraph (1).

(14) For the purposes of paragraphs (1) and (6), the criteria for determination of new employment; scope of employees; methods for calculating the number of employees; and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 13560, Dec. 15, 2015 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 30 - 6 (Special Taxation for Gift Tax on Succession to Family Business)(1)

Where a resident aged 18 years or over succeeds to a family business under Article 18 (2) 1 of the Inheritance Tax and Gift Tax Act (in this regard, the term "decedent" shall be construed as "parent," and "inheritor" as "resident"; the same shall apply hereafter in this Article) from any of his/her parents aged 60 years or over (or any of parents of his/her father or mother, if his/her father or mother is dead at the time of conveyance as a gift; the same shall apply hereafter in this Article) by acquiring stocks or equity shares of the family business (hereafter referred to as "stocks, etc." in this Article) conveyed by the parent as a gift, as prescribed by Presidential Decree, gift tax shall be levied at the tax rate of 10/100 (20/100 for the excess amount, if the tax base exceeds three billion won) after deducting 500 million won from the taxable value (the maximum taxable value shall be ten billion won) of gift tax on the amount equivalent to the property of the family business prescribed by Presidential Decree, out of the value of the stocks, etc., notwithstanding Articles 53 and 56 of the Inheritance Tax and Gift Tax Act: Provided, That this shall not apply where a resident acquires stocks, etc. conveyed as a gift by the donator of the relevant stocks, etc. or by a person who is the largest stockholder or investor referred to in Article 22 (2) of the Inheritance Tax and Gift Tax Act at the time of succession to the family business (excluding a person to whom such stocks, etc. are conveyed as a gift at the time of succession to the family business) after succeeding to the family business. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(2) Where a person who acquires stocks, etc. conveyed as a gift pursuant to paragraph (1) fails to succeed to the family business, as prescribed by Presidential Decree, or either of the following events arises, without just grounds prescribed by Presidential Decree, within seven years from the date the person acquires the stocks, etc. as a gift after succeeding to the family business, gift tax shall be levied on the taxable value of the stocks, etc. pursuant to the Inheritance Tax and Gift Tax Act. In such cases, an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, shall be levied in addition to the gift tax:<Amended by Act No. 12853, Dec. 23, 2014>

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

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

(3) Article 30 - 5 (7) through (12) shall apply mutatis mutandis to the conveyance of stocks, etc. under paragraph (1). In this regard, the "start - up fund" shall be construed as " stocks, etc."

(4) The method of applying special taxation for gift tax where Articles 41 - 3 and 41 - 5 of the Inheritance Tax and Gift Tax Act apply after stocks, etc. have been conveyed as a gift pursuant to paragraph (1); method of applying deduction for succession to a family business where succession is initiated after the stocks, etc. have conveyed as a gift; scope of donors and donees; and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015 >

(5) Article 30 - 5 shall not apply to the residents who have obtained tax deductions under paragraph (1).

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 31 (Capital Gains Tax Carried Forward, etc. Following Consolidation between

Small or Medium Enterprises)(1) Where a small or medium enterprise to be extinguished by consolidation between small or medium enterprises engaging in the types of business prescribed by Presidential Decree transfers fixed business assets prescribed by Presidential Decree (hereinafter referred to as "fixed business assets") to a corporation newly incorporated by consolidation or a corporation surviving such consolidation (hereinafter referred to as "consolidated corporation" in this Article), taxation carried forward may apply to the fixed business assets.
<Amended by Act No. 11614, Jan. 1, 2013 >

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

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

(4) Where a small or medium start - up enterprise or a small or medium start - up venture enterprise as prescribed in Article 6 (1) and (2) or a national eligible for tax reduction or exemption under Article 64 (1) consolidates as prescribed in paragraph (1) before the expiration of the period of tax reduction or exemption under Article 6 or 64, the consolidated corporation is entitled to tax reduction or exemption under Article 6 or 64 for the remaining period of tax reduction or exemption, as prescribed

by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

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

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

(7) Where either of the following events arises within five years from the date a national who has tax carried forward under paragraph (1) transfers fixed business assets, the national shall pay the tax carried forward under paragraph (1) (referring to the amount less the amount of tax already paid by a consolidated corporation) as the capital gains tax within two months from the end of the month in which the relevant event arises. In such cases, the criteria for determination of the discontinuance of business, and other necessary matters shall be prescribed by Presidential Decree: <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

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

(1) Where a resident converts his/her business into a corporation (excluding any corporation that engages in consumer service business prescribed by Presidential Decree), by making an investment in kind with fixed business assets, or by the means of business transfer or acquisition prescribed by Presidential Decree, taxation

carried forward may apply to the fixed business assets. <Amended by Act No. 11614, Jan. 1, 2013>

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

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

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

(5) Where either of the following events occurs within five years from the date a corporation is established pursuant to paragraph (1), the resident who has tax carried forward under paragraph (1) shall pay the tax carried forward under paragraph (1) (referring to the amount less the amount of tax already paid by the corporation) as capital gains tax within two months from the last day of the month in which the relevant event arises. In such cases, the criteria for determination of the discontinuance of business, and other necessary matters shall be prescribed by Presidential Decree:<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

1. Where the corporation established pursuant to paragraph (1) discontinues the business succeeded from the resident who has tax carried forward under paragraph (1);

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 33 (Special Taxation for Enterprises Undergoing Trade Adjustment Assistance whose Business is Converted)

(1) Where a person transfers fixed business assets used directly for the pre - conversion business (hereafter in this Article, referred to as "fixed assets for the pre - conversion business") by not later than December 31, 2018, and acquires fixed business assets to be used directly for the converted business within one year from the date of transfer, in order to convert a business that an enterprise undergoing trade adjustment assistance under Article 6 of the Act on Trade Adjustment Assistance Following the Free Trade Agreements (hereafter in

this Article and Article 33 - 2, referred to as "enterprise undergoing trade adjustment assistance") has engaged in (hereafter in this Article, referred to as "pre - conversion business"), into a business falling under any subparagraph of Article 6 (3) of this Act (hereafter in this Article, referred to as " converted business "), the person may choose to exclude the amount calculated, as prescribed by Presidential Decree, regarding proceeds accruing from transfer of the fixed assets for the pre - conversion business, from the gross income, for the purposes of calculating the amount of his/her income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, over a three - business year period starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

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

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

(3) Where any resident accorded special tax treatment under paragraphs (1) and (2), fails to convert his/her business, or discontinues or closes his/her converted business within three years from the date the converted business commences, the resident shall include an amount calculated, as prescribed by Presidential Decree, in his/her gross income, for the purposes of calculating the amount of income in the business year during which the relevant ground arises, or pay, as capital gains tax, the amount of tax credits or the amount of tax deferred. In such cases, the corporate tax or capital gains tax plus the equivalent to the interest calculated as prescribed by Presidential Decree, shall be paid, at the time of filing a tax return of the relevant taxable year; and the amount of such tax shall be deemed the amount of tax payable

under Article 64 of the Corporate Tax Act and Article 111 of the Income Tax Act.

(4) In any of the following cases, a resident granted deferred taxation under paragraph (2) 2 (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph), shall pay the amount of tax deferred, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: <Newly Inserted by Act No. 14390, Dec. 20, 2016>

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

(5) For the purposes of paragraphs (1) through (4), the scope of business conversion; the scope of fixed business assets; submitting applications for tax reductions or tax exemptions, or applications for tax deferral, and statements of proceeds from transfer of fixed business assets; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 33 - 2 (Tax Reduction or Exemption for Small or Medium Enterprises or Enterprises Undergoing Trade Adjustment Assistance whose Business is Converted)

(1) Where a national operating a small or medium enterprise, converts a business that he/she has engaged in for at least five consecutive years and a business that an enterprise undergoing trade adjustment assistance has engaged in (hereafter in this Article, referred to as "pre - conversion business"), into a business falling under any subparagraph of Article 6 (3) (hereafter in this Article, referred to as "converted business") in an area outside the over - concentration control region of the Seoul Metropolitan area (in cases of an enterprise undergoing trade adjustment assistance, including conversion of its business within the over - concentration control region of the Seoul Metropolitan area), by not later than December 31, 2018 (or by not later than December 31, 2020, where a new factory is established), as follows, the national is entitled to a reduction of the equivalent to 50/100 of the income tax or corporate tax on incomes accruing from the converted business, for the taxable year

in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date the relevant business is converted, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary) after the date of business conversion prescribed by Presidential Decree (hereafter in this Article, referred to as "date business is converted"), and also within the three subsequent taxable years from the date the following taxable year commences: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Where the national transfers or discontinues the pre - conversion business and converts it into the converted business within one year (or three years if a new factory is established) after the date of such transfer or discontinuance;

2. Where the national downsizes the pre - conversion business and adds a converted business, as prescribed by Presidential Decree.

(2) For the purposes of paragraph (1) 2, a reduction of income tax or corporate tax granted under the same paragraph, shall not apply to the taxable year prescribed by Presidential Decree during the period of income tax or corporate tax reduction.

(3) Where a national granted a tax reduction under paragraph (1), fails to convert his/her business or discontinues the converted business, or is dissolved within three years from the date business is converted, the national shall pay, the amount of tax reduced, as income tax or corporate tax, at the time of calculating the amount of income for the taxable year in which such ground arises.

(4) Where a national pays the amount of income tax or corporate tax reduced under paragraph (1) pursuant to paragraph (3), the national shall pay such income tax or corporate tax plus the equivalent to the interest calculated as prescribed by Presidential Decree; and the relevant amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act.

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

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 34 (Special Taxation for Assets Sold by Domestic Corporations to Pay Financial Debts) (1) Where a domestic corporation transfers its assets to any third person, on

or before December 31, 2008, according to its financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the persons prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article), which includes its plan to pay debts by the deadline prescribed by Presidential Decree from the date of transfer of assets (referring to the date prescribed by Presidential Decree if such assets are transferred under a long - term installment plan, or the date of termination of a cause if any of the unavoidable causes prescribed by Presidential Decree exists; hereafter the same shall apply in this Article) in order to improve its financial structure, the domestic corporation may elect to exclude an amount equivalent to the paid debts prescribed by Presidential Decree (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter referred to as "amount equivalent to the gains from transfer" in this Article) out of the capital gains from the transfer of such assets, from its gross income, during the period of the relevant business year and three business years after the end of the relevant business year, and may include the relevant amount in gross income, in at least equal installments, during the subsequent three business years thereafter. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

1. and 2. Deleted. <by Act No. 13560, Dec. 15, 2015>

(2) If any of the following causes occurs, a domestic corporation accorded special tax treatment under paragraph (1) shall include the amount excluded from gross income under paragraph (1) in gross income for the purposes of calculating the income for the business year in which the relevant cause arises, as prescribed by Presidential Decree. In such cases, the domestic corporation shall pay corporate tax plus an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, and the relevant tax amount shall be deemed the tax amount payable under Article 64 of the Corporate Tax Act: <Amended by Act No. 13560, Dec. 15, 2015>

1. Where the domestic corporation fails to pay its debts according to its financial restructuring plan;
2. Where the debt ratio of the domestic corporation that has transferred assets, exceeds the standard debt ratio during a three - year period following the transfer of the assets;

3. Where the domestic corporation closes the relevant business or is dissolved within three years from the date of transfer of the relevant assets, and a merging corporation, a corporation newly established following a division, or the counterpart corporation of a merger through division fails to succeed to the relevant business: Provided, That an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, shall not be added if an unavoidable cause prescribed by Presidential Decree arises, such as bankruptcy.

(3) The person who has approved a financial restructuring plan under paragraph (1) shall annually submit the contents of the financial restructuring plan and outcomes of implementation of the plan to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015 >

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 35 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 36 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 37 (Special Taxation for Comprehensive Transfer of Assets)(1) Where a domestic corporation that fully meets the following conditions (hereafter referred to as "acquired corporation" in this Article) transfers most of its assets (hereafter referred to as "comprehensive transfer of assets" in this Article) to another domestic corporation (hereafter referred to as "acquiring corporation" in this Article), as prescribed by Presidential Decree, and is dissolved after receiving the stocks or equity shares (hereafter referred to as "stocks, etc." in this Article) of the acquiring corporation in return for such transfer, the value of transferred assets may be appraised at their book value, as prescribed by Presidential Decree. In such cases, the amount of liquidation income from dissolution under Article 79 of the Corporate Tax Act shall be calculated, as prescribed by Presidential Decree: <Amended by Act

No. 10406, Dec. 27, 2010; Act No. 13560, Dec. 15, 2015 >

1. That the transfer and acquisition shall be made between domestic corporations that have engaged in a business for at least one year as at the date of comprehensive transfer of assets;
2. That the value of voting stocks, etc. of the acquiring corporation shall be at least 80/100 of the aggregate (hereinafter referred to as "price of acquisition") of the values of stocks, etc. of the acquiring corporation, money, and other property that the acquired corporation acquires from the acquiring corporation in return for the comprehensive transfer of assets, and such stocks, etc. are distributed, as prescribed by Presidential Decree, and such acquired corporation or stockholders, etc. of the acquired corporation prescribed by Presidential Decree shall hold the stocks, etc. until the last day of the business year in which the date of comprehensive transfer of assets falls;
3. That the acquiring corporation shall continue the business succeeded from the acquired corporation until the last day of business year in which the date of comprehensive transfer of assets falls.

(2) Where a domestic corporation is dissolved through comprehensive transfer of its assets upon fully meeting the conditions provided in the subparagraphs of paragraph (1), the amount of deemed dividend under Article 16 (1) 4 of the Corporate Tax Act or deemed dividend under Article 17 (2) 3 of the Income Tax Act the stockholders, etc. of the acquired corporation receive due to dissolution shall be calculated, as prescribed by Presidential Decree.

(3) Where the acquired corporation has transferred its assets at book value through comprehensive transfer of assets fully meeting the conditions provided in the subparagraphs of paragraph (1), the acquiring corporation shall be deemed to have acquired such assets at book value. In such cases, the difference between the book value and the price of acquisition shall be calculated by asset, as prescribed by Presidential Decree.

(4) Where the acquiring corporation has acquired the assets of the acquired corporation at book value pursuant to paragraph (3), the amounts that have included in the gross income or deductible expenses or that have excluded from the gross income or deductible expenses, tax reductions, exemptions or credits granted under Article 59 of the Corporate Tax Act, other assets, liabilities, etc. shall be succeeded

by the acquiring corporation, as prescribed by Presidential Decree, for the purposes of calculating the deficit of the acquired corporation under subparagraph 1 of Article 13 of the Corporate Tax Act as at the date of comprehensive transfer of assets, and the amount of income and tax base for each business year. In such cases, the deficit, tax reductions, exemptions, or credits granted under Article 59 of the Corporate Tax Act, assets, liabilities, etc. of the acquired corporation that the acquiring corporation has succeeded shall be deemed nil for the purposes of calculating the amount of income of the acquired corporation during the business year in which the date of comprehensive transfer of assets falls and the subsequent business years. <Amended by Act No. 10406, Dec. 27, 2010>

(5) In cases of comprehensive transfer of assets fully meeting the conditions provided in the subparagraphs of paragraph (1), the deficit of the acquiring corporation under subparagraph 1 of Article 13 of the Corporate Tax Act as at the date of the comprehensive transfer of assets, and the deficit succeeded from the acquired corporation, losses on disposal of assets acquired by transfer from the acquired corporation, and reductions/exemptions or tax credits under Article 59 of the Corporate Tax Act succeeded from the acquired corporation shall be deducted or included in the deductible expenses by applying mutatis mutandis Article 45 of the Corporate Tax Act. <Amended by Act No. 10406, Dec. 27, 2010>

(6) Where any of the following causes occurs during the period prescribed by Presidential Decree within three years, the acquiring corporation (including where that acquiring corporation has succeeded the deficit, etc. pursuant to paragraph (4)) that has acquired the assets of the acquired corporation at book value pursuant to paragraph (3) shall include the difference (only applicable where the price of acquisition exceeds the book value) between the book value and the price of acquisition of assets acquired by transfer, the amount, etc. deducted from the succeeded deficit, etc. in the gross income, as prescribed by Presidential Decree, for the purposes of calculating the amount of income for the business year during which the relevant cause occurs: Provided, That reductions/exemptions or tax credits, etc. deducted after succession from the acquired corporation under paragraph (5) shall be treated by applying mutatis mutandis Article 44 - 3 (3) of the Corporate Tax Act. <Amended by Act No. 10406, Dec. 27, 2010>

1. Where the acquiring corporation discontinues the business succeeded from the acquired corporation;
 2. Where the acquired corporation or stockholders, etc. of the acquired corporation prescribed by Presidential Decree dispose of stocks, etc. of the acquiring corporation it has acquired through comprehensive transfer of assets.
- (7) Where unavoidable causes prescribed by Presidential Decree arise for the purposes of paragraph (1) 2 and 3 and paragraph (6) 1 and 2, the stocks, etc. shall be deemed held or the business shall be deemed continued.
- (8) Any acquired corporation and acquiring corporation that intend to be accorded special tax treatment under paragraph (1) or (3) shall submit a statement of comprehensive transfer of assets, etc. to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.
- (9) The period from the comprehensive transfer of assets to liquidation, calculation of the price of acquisition, criteria for determination as to continuance and closure of the succeeded business, calculation of amounts to include in the gross income and deductible expenses, method of inclusion thereof, under paragraphs (1) through (7), and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 38 (Special Taxation for All - Inclusive Share Swap or Transfer)(1) Where a domestic corporation becomes a wholly - owned subsidiary of the counterpart corporation of an all - inclusive share swap or transfer (hereafter in this Article, referred to as "all - inclusive share swap, etc.") through an all - inclusive share swap provided for in Article 360 - 2 of the Commercial Act or all - inclusive share transfer provided for in Article 360 - 15 of the same Act, meeting all the following conditions, capital gains tax or corporate tax on the equivalent to proceeds from transfer of stocks accrued to the stockholders of the wholly - owned subsidiary from the all - inclusive share swap, etc., may be deferred until the stockholders of the wholly - owned subsidiary dispose of the stocks of a wholly - owning parent company or the wholly - owning parent company of the wholly - owning parent company, as prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

1. The all - inclusive share swap, etc. shall be made between domestic corporations operating business for at least one year as at the date of the all - inclusive share swap or transfer: Provided, That the wholly - owning parent company to be newly incorporated in the course of the all - inclusive share transfer, shall be excluded herefrom;
2. Where stockholders of the wholly - owned subsidiary receive the prices for the swap or transfer from the wholly - owning parent company, the price of the stocks of the wholly - owning parent company shall be at least 80/100 of the aggregate of prices for such swap and transfer, or the price of the stocks of the wholly - owning parent company shall be at least 80/100, and such stocks shall be distributed, as prescribed by Presidential Decree, and the stockholders of the wholly - owning parent company and stockholders of the wholly - owned subsidiary prescribed by Presidential Decree shall hold the stocks acquired through the all - inclusive share swap, etc. until the end of the business year in which the date of the share swap or transfer falls;
3. The wholly - owned subsidiary shall keep on operating until the end of the business year in which the date of the share swap or transfer falls.
 - (2) Where the stockholders of the wholly - owned subsidiary are granted deferred taxation under paragraph (1), the wholly - owning parent company shall include the difference (if only the market value exceeds the book value) between the book value of stocks of the wholly - owned subsidiary acquired through the all - inclusive share swap, etc. and the market value as at the date of the all - inclusive share swap or transfer in its gross income, as prescribed by Presidential Decree, if any of the following events occurs within the period prescribed by Presidential Decree not exceeding three years after it has acquired the stocks of the wholly - owned subsidiary at book value:<Amended by Act No. 10406, Dec. 27, 2010>
 1. Where the wholly - owned subsidiary discontinues business;
 2. Where the stockholders of the wholly - owning parent company or shareholders of the wholly - owned subsidiary prescribed by Presidential Decree dispose of the stocks acquired through the all - inclusive share swap, etc.
 - (3) For the purposes of paragraphs (1) 2 and 3, and (2) 1 and 2, where stocks are unavoidably disposed of pursuant to statutes, or other extenuating circumstances prescribed by Presidential Decree arise, it shall be deemed that stocks are held or

business is operated continuously. <Amended by Act No. 10631, May. 19, 2011 >

(4) Methods for calculating capital gains on transfer of stocks; criteria for determining whether the wholly - owned subsidiary continues or discontinues continuance business; methods for calculating the amount to be included in the gross income and method of inclusion thereof; methods for calculating the book value of stocks of the wholly - owned subsidiary; submitting the detailed statement on the all - inclusive share swap, etc. under paragraphs (1) through (3); and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

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

(1) Where a Korean stockholder of a domestic corporation incorporates a holding company (including a financial holding company incorporated under the Financial Holding Companies Act; hereafter in this Article referred to as "holding company") under the Monopoly Regulation and Fair Trade Act or converts an existing domestic corporation into a holding company through investment in kind with stocks, by not later than December 31, 2018, upon fully meeting the following conditions, the imposition of capital gains tax or corporate tax on an amount equivalent to the gains from transfer accruing from such investment in kind out of the value of stocks acquired from the investment in kind may be deferred until the stockholder disposes of the stocks of that holding company, as prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015 >

1. Where the holding company and stockholders prescribed by Presidential Decree among those who have made investment in kind shall hold the stocks acquired from the investment in kind until the last day of the business year in which the date of investment in kind falls;
2. The domestic corporation that has become a subsidiary of the holding company (hereafter referred to as "subsidiary" in this Article) through investment in kind shall continue its business until the last day of the business year in which the date of investment in kind falls.

(2) Where a Korean stockholder of a domestic corporation makes investment in kind with his/her stocks in a domestic corporation converted into a holding company

(including a domestic corporation converted into a holding company pursuant to paragraph (1); hereafter in this Article referred to as "converted holding company") by means of investment in kind or corporate division (only applicable to the corporate division meeting the conditions provided in the subparagraphs of Article 46 (2) of the Corporate Tax Act or Article 47 (1) of the same Act; hereafter in this Article referred to as "division"), or swaps his/her stocks with the treasury stocks of such converted holding company (hereafter referred to as "treasury stock swap" in this Article), by not later than December 31, 2018, upon fully meeting conditions provided in the subparagraphs of paragraph (1) and the following conditions, the imposition of capital gains tax or corporate tax on an amount equivalent to the gains from transfer accruing from such investment in kind or treasury stock swap out of the value of stocks acquired from investment in kind or treasury stock swap may be deferred until such stockholder disposes of the stocks of that holding company, as prescribed by Presidential Decree: Provided, That for the purposes of paragraph (1), a "holding company", a "subsidiary" and "investment in kind" shall be construed as a "converted holding company", a "subsidiary falling short of the equity ratio", and "investment in kind or treasury stock swap", respectively. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. That the domestic corporation ' s stock holding ratio in the converted holding company shall not exceed the percentage prescribed in the main sentence of Article 8 - 2 (2) 2 of the Monopoly Regulation and Fair Trade Act (hereafter in this Article referred to as "subsidiary affiliated by lower stock holding ratio"), and stocks of either of the following corporations shall be subject to investment in kind or treasury stock swap:
 - (a) Another domestic corporation invested by the converted holding company as at the time of conversion into a holding company;
 - (b) A corporation newly established or merged by a division of the converted holding company and a corporation surviving a division;
2. That investment in kind or treasury stock swap shall be made within two years from the date of conversion into a holding company;
3. That, in cases of treasury stock swap, all stockholders of the subsidiary affiliated by lower stock holding ratio shall be allowed to participate in such treasury stock swap and this fact shall be publicly noticed, as prescribed by Presidential Decree.

(3) Where a stockholder of a domestic corporation is granted tax deferral under paragraph (1) or (2), a holding company (including a converted holding company) shall have the value of stocks acquired through investment in kind or treasury stock swap (hereafter referred to as "investment in kinds, etc." in this Article) its book value and shall include the difference (only applicable to cases where the market value exceeds the book value) between the book value of stocks acquired through investment in kinds, etc. and the market value as at the date of investment in kind, etc. in gross income, as prescribed by Presidential Decree, if any of the following events occurs within the period prescribed by Presidential Decree not exceeding three years thereafter: Provided, That, if the event prescribed in subparagraph 2 occurs, the holding company shall pay the corporate tax plus an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010>

1. Where the holding company incorporated or converted under paragraph (1) or the converted holding company ceases to be a holding company: Provided, That this shall not apply to cases prescribed by Presidential Decree where it ceases to be a holding company due to an amendment to the statute establishing the standards for holding companies, such as the Monopoly Regulation and Fair Trade Act, etc.;
2. Where the converted holding company holds the stocks of a subsidiary affiliated with lower stock holding ratio at any percentage not exceeding the percentage prescribed in the main sentence of Article 8 - 2 (2) 2 of the Monopoly Regulation and Fair Trade Act until the date falling on two years from the date of conversion into a holding company;
3. Where a subsidiary (including any subsidiary affiliated with lower stock holding) closes its business;
4. Where stockholders prescribed by Presidential Decree, among holding companies (including converted holding companies) or stockholders who have made investment in kinds, etc. dispose of stocks acquired through investment in kind, etc.

(4) Where a stockholder granted income tax deferral or corporate tax deferral following the transfer of his/her stocks to a financial holding company (hereafter in this paragraph referred to as "intermediary holding company") controlled by another financial holding company or the swap of his/her stocks with those of an intermediary holding company as prescribed in paragraph (1) swaps the stocks of the

intermediary holding company which he/she has received in return for such stock swap or stock transfer with the stocks of the financial holding company controlling the intermediary holding company by not later than December 31, 2018, the imposition of capital gains tax or corporate tax initially deferred may be re - deferred until the stockholder transfers the stocks of the financial holding company received in return for such stock swap, as prescribed by Presidential Decree, notwithstanding paragraph (1). <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(5) Where unavoidable causes prescribed by Presidential Decree arise for the purposes of each subparagraph of paragraph (1) (including where each subparagraph of paragraph (1) is applied mutatis mutandis under paragraph (2)) and paragraph (3) 3 and 4, stocks shall be deemed held or the business shall be deemed continued. <Newly Inserted by Act No. 10406, Dec. 27, 2010>

(6) For the purposes of paragraphs (1) through (5), the calculation of the gains from transfer, criteria for determination as to continuance and closure of the business of a subsidiary, submission of statements of the investment in kind, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 38 - 3 (Special Taxation for Investment in Kind with Stocks, etc. of Foreign

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

such transfer falls. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Where a domestic corporation which has made investment in kind with the stocks, etc. of a foreign subsidiary under paragraph (1), transfers the stocks, etc. acquired through such investment in kind before including the full amount of gains from the transfer of such stocks, etc. in gross income, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree, which is an amount equivalent to the rate of transferred stocks, etc. out of the amount not included in gross income, in gross income, and where a domestic corporation or a foreign corporation in which the domestic corporation has made investment in kind with the stocks, etc. of a foreign subsidiary, closes its business or is dissolved, the domestic corporation or the foreign corporation shall include the full amount not included in gross income, in the gross income, for the purposes of calculating the income amount for the business year in which the date of closure or dissolution falls: Provided, That this shall not apply in the following cases:

1. Where any of the following corporations, which comes into existence due to a merger or division of a domestic corporation, succeeds to the stocks, etc. acquired through investment in kind by that domestic corporation:
 - (a) A merging corporation;
 - (b) A corporation newly established following a division;
 - (c) A counterpart corporation of a merger through division;
2. Where a domestic corporation makes re - investment in kind with the stocks, etc. of a foreign corporation, which has been acquired through investment in kind with the stocks, etc. of a foreign subsidiary, in another foreign corporation within one month.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 39 (Special Taxation for Assumption and Payment of Debts)(1) Where a stockholder or investor (limited to a corporate stockholder or investor; hereafter

referred to as "stockholder, etc." in this Article) of a domestic corporation assumes or pays debts of the domestic corporation, the debts assumed and paid by the stockholder, etc., out of the debts of the domestic corporation, shall be included in deductible expenses up to the maximum amount prescribed by Presidential Decree when calculating the income of such stockholder, etc. in the relevant year, if either of the following conditions is satisfied:

1. All stocks or equity shares held by the controlling stockholder or investor of the domestic corporation and related persons to such controlling stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) shall be transferred to a person prescribed by Presidential Decree, other than the related persons, by not later than December 31, 2018 according to the financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the persons prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article);

2. A plan for liquidating the domestic corporation shall be submitted to the head of the tax office having jurisdiction over the place of tax payment of that domestic corporation, as prescribed by Presidential Decree, and the liquidation of such domestic corporation shall be completed by not later than December 31, 2019.

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

(3) For the purposes of paragraph (1) or (2), if any of the following events occurs, a corporation subject to transfer, etc. accorded special tax treatment under paragraph

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

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

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

(5) Gains that other stockholders, etc. of a corporation obtain as a consequence of the assumption and payment of debts of the corporation under paragraph (1) shall not be deemed as a gift defined in the Inheritance Tax and Gift Tax Act: Provided, That the same shall not apply to related persons prescribed by Presidential Decree,

such as the stockholders, etc. who have assumed and paid the debts.

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

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

[This Article Wholly Amended by Act No. 13560, Dec. 15, 2015]

Article 40 (Special Taxation on Corporate Tax, etc. Following Transfer of Assets by

Stockholders, etc.)(1) Where a domestic corporation accepts assets gratuitously conveyed by its stockholder or investor (hereafter referred to as "stockholder, etc." in this Article) on or before December 31, 2018, upon fully satisfying the following requirements, the domestic corporation may elect to exclude the value of the assets (limited to the amount that exceeds the deficit prescribed by Presidential Decree) from its gross income for three business years after the end of the business year in which the date of acceptance of such assets falls, for the purposes of calculating the income of the relevant business year, and shall include such value in its gross income, in at least equal installments, during the subsequent three business years thereafter: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. The stockholder, etc. shall convey assets as a gift and the domestic corporation shall pay its debts according to the financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article);
2. The financial restructuring plan shall include contents describing that the corporation will use the full amount (referring to using the full amount to pay debts on the day following the day on which a cause disappears where any inevitable

causes prescribed by Presidential Decree exist) of money by the deadline prescribed by Presidential Decree within the duration from the date such corporation accepts money to December 31, 2018, and use the full amount of the transfer price of assets, other than money, by the deadline prescribed by Presidential Decree within the duration from the date such assets are transferred (referring to the date prescribed by Presidential Decree if such assets are transferred under a long - term installment plan) to December 31, 2018 to pay debts to any financial institution prescribed by Presidential Decree (hereafter referred to as "financial institution" in this Article and Article 44).

(2) A stockholder, etc. (limited to a corporation) that has conveyed an asset as a gift under paragraph (1) shall include the amount prescribed by Presidential Decree, out of the value (referring to the book value) of the conveyed asset, in deductible expenses for the purposes of calculating its income for the relevant business year.

(3) Where a stockholder, etc. transfers an asset held by him/her as the time the stockholder, etc. conveys an asset as a gift to a corporation under paragraph (1) and donates the transfer price of that asset to the corporation on or before December 31, 2018, the stockholder, etc. is eligible for a full exemption from capital gains tax on an amount equivalent to the donated amount prescribed by Presidential Decree (hereafter referred to as "amount equivalent to gains from transfer" in this Article), out of gains accruing from the transfer of such asset shall be exempt from capital gains tax, or may exclude the same amount from the gross income, as follows:
<Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Residents: A tax exemption equivalent to 100/100 of the capital gains tax on the amount equivalent to the gains from transfer;
2. Domestic corporations: Excluding the amount equivalent to gains from transfer from the gross income when calculating the amount of income for the relevant business year.

(4) If any of the following events occurs, a corporation that has accepted an asset conveyed as a gift under paragraph (1) shall include the amount excluded from the gross income under paragraph (1), in the gross income, as prescribed by Presidential Decree, when calculating the amount of income for the business year in which the relevant event occurs. In this regard, the tax reduction or exemption granted under

paragraphs (2) and (3) shall be levied in addition to the amount of corporate tax to be paid by that corporation:

1. Where the corporation fails to pay debts according to the financial restructuring plan;
 2. Where the corporation ' s debt ratio exceeds the standard debt ratio during a three - year period after the payment of debts;
 3. Where the corporation closes its business or is dissolved within three years from the date of acceptance of the asset conveyed as a gift under paragraph (1), but the merging corporation, the corporation newly established as a consequence of a division, or the counterpart corporation of a merger through division does not succeed to the relevant business: Provided, That, if any unavoidable cause prescribed by Presidential Decree, such as bankruptcy, exists, the corporate tax reduction or exemption granted under paragraphs (1) and (2) shall not be added.
- (5) An additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be added to the amount of tax to be paid by a corporation under paragraph (4), and the relevant amount of tax shall be deemed the tax amount payable under Article 64 of the Corporate Tax Act: Provided, That the same shall not apply if the corporation is subject to the proviso to paragraph (4) 3.
- (6) Gains that other stockholders, etc. of a corporation obtain as the corporation accepts an asset gratuitously conveyed by the stockholders, etc. as a gift under paragraph (1) shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act: Provided, That the same shall not apply to the related persons, such as the stockholders, etc. who have conveyed such asset as a gift. <Amended by Act No. 11133, Dec. 31, 2011 >
- (7) The person who has approved a financial restructuring plan under paragraph (1) 1 shall annually submit the contents of the financial restructuring plan and outcomes of implementation of such plan to the head of the tax office having jurisdiction over the place of payment, as prescribed by Presidential Decree.
- (8) For the purposes of paragraphs (1) through (7), the time of transfer, the contents and approval criteria of the financial restructuring plan, calculation of the debt ratio and the standard debt ratio, the scope of related persons, filing applications for tax reductions or tax exemptions, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 41 Deleted. <by Act No. 8827, Dec. 31, 2007>

Article 41 - 2 Deleted. <by Act No. 9272, Dec. 26, 2008>

Article 42 Deleted. <by Act No. 6538, Dec. 29, 2001>

Article 43 (Reduction or Exemption, etc. of Capital Gains Tax on Acquisitor of Real Estate Subject to Restructuring)(1) Where any person who has acquired on or before December 31, 1999 the real estate eligible for reduction or exemption from the capital gains tax under Article 40 (1) (hereafter in this Article, referred to as "real estate subject to restructuring") transfers the relevant real estate within five years from the date of its acquisition, the tax amount equivalent to 50/100 of the capital gains tax on the income accruing from such transfer shall be reduced or exempted, and where he/she transfers the relevant real estate subject to restructuring after the lapse of five years from the date of its acquisition, the amount equivalent to 50/100 of the capital gains accruing for five years from the date of acquisition of the relevant real estate subject to restructuring shall be subtracted from his/her income amount subject to the taxation of the capital gains tax.

(2) Any person who intends to be eligible for the application of paragraph (1) shall file an application for reduction or exemption, as prescribed by Presidential Decree.

(3) The confirmation of real estate subject to restructuring, and the calculation of capital gains amount accruing for five years from the date of its acquisition under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 43 - 2 Deleted. <by Act No. 9272, Dec. 26, 2008>

Article 44 (Special Taxation for Gains from Debt Relief of Corporations Implementing Financial Restructuring Plans, etc.)(1) Where a domestic corporation is partially relieved from its debts owed to a financial institution by not later than December 31, 2018 and meets any of the following conditions, the domestic corporation shall exclude the equivalent to the debts relieved (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter in this Article, referred to as

"gains from debt relief") from its gross income for the relevant business year and three business years after the end of the relevant business year, for the purposes of calculating the amount of income, and shall include such amount, in at least equal installments, in its gross income for the subsequent three business years thereafter:
<Amended by Act No. 10684, May 19, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Where the corporation for which a decision has been made to authorize its rehabilitation plan under the Debtor Rehabilitation and Bankruptcy Act, is partially relieved from its debts owed to a financial institution; and the amount of debts to be relieved is included in the decision thereof;
2. Where a potentially insolvent company which has entered into an agreement to implement the management normalization plan under the Corporate Restructuring Promotion Act, is partially relieved from its owed debts to a creditor financial institution under the same Act; and the amount of debts to be relieved is included in the agreement and the company is partially relieved from its debts concerning a counter - creditor's exercise of bond purchase claim under Article 20 of the same Act;
3. Where the domestic corporation is relieved from its debts under an agreement between the financial institutions retaining receivables, as prescribed by Presidential Decree;
4. Other cases prescribed by Presidential Decree, where the domestic corporation is relieved from its debt under the relevant Acts.

(2) Where a company entering into an agreement under the Corporate Restructuring Investment Companies Act, is partially relieved from its debts in the process of having its debt converted into equity shares by the corporate restructuring investment company, gains from such debt relief shall be included in the gross income by applying mutatis mutandis paragraph (1).

(3) Where any corporation relieved from its debts under paragraph (1), closes its business or is dissolved before fully including the gains from debt relief in its gross income, the corporation shall add the total amount not included in its gross income to its gross income for the purposes of calculating its income for the business year in which the date of such closure or dissolution falls.

(4) A financial institution that has relieved corporations from their debts under paragraph (1) (including debt relief through debt - equity swap) and a creditor financial institution defined in the Corporate Restructuring Promotion Act (excluding any corporate restructuring investment company established pursuant to the Corporate Restructuring Investment Company Act), shall include the equivalent to relieved debts in its deductible expenses for the purposes of calculating the amount of its income for the relevant business year. <Amended by Act No. 14390, Dec. 20, 2016 >

(5) For the purposes of paragraphs (1) through (4), submitting statements of debt relief; filing applications for tax reductions or exemptions; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 45 (Special Taxation for Reduction of Capital)(1) Where a domestic corporation receives stocks or investment shares (hereafter referred to as "stock, etc." in this Article) of the domestic corporation from its stockholders or investors (hereafter referred to as "stockholders, etc." in this Article) for free under the financial restructuring plan prescribed by Presidential Decree (limited to those approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article) and retires them on or before December 31, 2012, the value of the relevant stocks, etc. (limited to the amount exceeding the deficit prescribed by Presidential Decree) shall not be added to the gross income when calculating the income of the relevant business year. <Amended by Act No. 10406, Dec. 27, 2010 >

(2) Article 52 of the Corporate Tax Act shall not apply to stockholders, etc. who have donated stocks, etc. under paragraph (1) (limited to a corporation), and where such stockholders, etc. have donated the entire stocks, etc. that they have possessed, the value of the relevant stocks, etc. (referring to the book value) shall be added to deductible expense when computing the income of the relevant business year.

(3) Profits other stockholders, etc. of the relevant corporation make as the corporation receives stocks, etc. for free from the stockholders, etc. and retires them under paragraph (1) shall not be deemed donation under the Inheritance Tax

and Gift Tax Act or the gross income under the Corporate Tax Act: Provided, That the same shall not apply to the related persons of stockholders, etc. who have donated stocks, etc. <Amended by Act No. 11133, Dec. 31, 2011 >

(4) In applying paragraphs (1) through (3), contents and approval standard of a financial restructuring plan, the scope of the related persons, filing applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 45 - 2 (Special Taxation for Corporate Split for Restructuring of Public Institutions)

Where a domestic corporation (hereinafter referred to as "public institution") designated as public institution under Article 4 of the Act on the Management of Public Institutions conducts a split - off prescribed by Presidential Decree as prescribed in Articles 530 - 2 through 530 - 11 of the Commercial Act no later than December 31, 2010 for restructuring, such as privatization, etc., and such split - off meets the requirements prescribed by Presidential Decree, provisions concerning split - off of this Act, the Corporate Tax Act and Value - Added Tax Act shall apply to such split - off deeming to be meeting the requirements in the subparagraphs of Article 46 (1) of the Corporate Tax Act.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 46 (Special Taxation for Exchange of Stocks, etc. between Enterprises)(1)

Where the controlling stockholder or investor of a domestic corporation (hereafter referred to as "exchanged corporation" in this Article) or a related person to such stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) transfers all stocks or equity shares (hereafter referred to as "stocks, etc." in this Article) held by him/her on or before December 31, 2017 in accordance with a financial restructuring plan prescribed by Presidential Decree (limited to the plan approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article) and acquires stocks, etc. of any domestic corporation (hereafter referred to as "transferred corporation for exchange" in this Article), other than the related persons prescribed by Presidential Decree to the exchanged corporation, in proportion to the holding ratio by either of

the following methods, the imposition of capital gains tax on an amount equivalent to the gains from the transfer of such stocks, etc. (including the gains accruing to the transferred corporation for exchange and the controlling stockholder, etc. of the transferred corporation for exchange) or corporate tax may be deferred until the stocks, etc. so acquired are disposed of (including inheritance or conveyance as a gift), as prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Acquiring stocks, etc. held or newly issued by the transferred corporation for exchange;
2. Acquiring all stocks, etc. held by the controlling stockholder, etc. of the transferred corporation for exchange (limited to where the corporate groups (referring to the corporate groups defined under subparagraph 2 of Article 2 of the Monopoly Regulation and Fair Trade Act; the same shall apply hereafter in this Article) to which the exchanged corporation and the transferred corporation for exchange belong are different from one another).

(2) Where deficits in the assets that appears in the course of the transfer and acquisition of the exchanged corporation under paragraph (1) 2 are added to the gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act, the exchanged corporation shall not withhold the income tax on the amount of disposal, notwithstanding the Income Tax Act.

(3) Where any of the following events occurs, a stockholder, etc. who has transferred stocks, etc. of the exchanged corporation under paragraph (1) 2 shall either pay the amount of tax unpaid for the taxable year in which the relevant event occurs or add the amount included in the deductible expense, to the gross income at the time of calculating the amount of income. In such cases, an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be paid in addition to the capital gains tax or corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act or Article 76 of the Income Tax Act:<Amended by Act No. 12853, Dec. 23, 2014>

1. Where a corporation engaging in the same type of business as that of the exchanged corporation becomes affiliated with the corporate group with which the exchanged corporation was affiliated, within five years after the end of the

business year in which stocks, etc. were transferred;

2. Where the controlling stockholder, etc. re - holds stocks, etc. of the exchanged corporation within five years after the end of the business year in which stocks, etc. were transferred.

(4) Where a domestic corporation exchanges all stocks, etc. it acquired through the spin - off defined under Article 47 of the Corporate Tax Act or an investment in kind under Article 47 - 2 of the same Act with the stocks, etc. of any other corporation pursuant to paragraph (1), the tax - deferred amount as included in deductible expenses and equivalent to the gains from transfer of assets as at the time of the investment in kind or spin - off may be re - deferred, as prescribed by Presidential Decree.

(5) The person who has approved the financial restructuring plan of the exchanged corporation which has transferred stocks, etc. under paragraph (1) 2 shall annually submit the contents of the financial restructuring plan and outcomes of implementation of the plan, to the head of the tax office having jurisdiction over the place of payment, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (5), the scope of controlling stockholders, etc., methods of transfer and acquisition of stocks, etc., calculation of gains from transfer eligible for inclusion in deductible expense, contents and approval criteria of the financial restructuring plan, submission of statements on the transfer and acquisition of stocks, etc., the scope of debts, filing applications for tax reductions and exemptions, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 2 (Special Taxation for Corporate Stock Exchange, etc. for Strategic Partnership with Venture Business)

(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter in this Article the same shall apply) of a corporation, that is a stock company, (hereafter in this Article referred to as "affiliated corporation") exchanges stocks of the affiliated corporation with the treasury stocks of a venture business (excluding listed - stock corporations under the Financial Investment Services and Capital Markets Act; hereafter in this Article the same shall apply) or

receives stocks which are newly issued by the venture business and whose value is equivalent to investment amount, in return for his/her investment in kind no later than December 31, 2009, upon meeting all the following requirements, the taxation of capital gains tax on the margin accruing from such exchange or acquisition of new stocks may, as prescribed by Presidential Decree, be deferred until the relevant stockholder disposes of stocks of the venture business, which he/she acquires by means of stock exchange or investment in kind (hereafter in this Article referred to as "stock exchange, etc."): <Amended by Act No. 11133, Dec. 31, 2011 >

1. That the strategic partnership program should be implemented between the venture business and the affiliated corporation, as prescribed by Presidential Decree, and stock exchange, etc. should be made according to such program;
2. That a related person prescribed by Presidential Decree to a stockholder of the affiliated corporation should not be in any special relationship prescribed by Presidential Decree with the largest stockholder prescribed by Presidential Decree of the venture business;
3. That the affiliated corporation and the venture business should enter into an agreement stipulating that the stocks acquired by the stockholder of the affiliated corporation through stock exchange, etc. and the stocks acquired by the venture business through stock exchange, etc. must be held for at least one year, respectively.

(2) Where the stockholder of the affiliated corporation who was allowed to defer capital gains tax under paragraph (1) violates paragraph (1) 3, he/she shall, as prescribed by Presidential Decree, pay the capital gains tax so deferred.

(3) Any person who desires to be allowed to defer capital gains tax under paragraph (1) shall apply therefor, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 3 (Special Taxation for Corporate Stock Exchange, etc. for Strategic

Partnership of Logistics Enterprises)(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter in this Article the same shall apply) of any small or medium corporation (hereafter in this Article referred to as "partnership logistics corporation") that runs the logistics business exchanges his/her own stocks with the

treasury stocks of any other small or medium corporation (excluding listed corporations under the Financial Investment Services and Capital Markets Act; hereafter in this Article referred to as "partnership counterpart logistics corporation") that runs the logistics business, or receives stocks which are newly issued by the partnership counterpart logistics corporation and whose value is equivalent to investment amount, in return for his/her investment in kind, on or before December 31, 2009 upon meeting all the following requirements, the taxation of capital gains tax on the margin accruing from such exchange or acquisition of new stocks may be deferred until the stockholder disposes of the stocks of the partnership counterpart logistics corporation, which he/she acquires by means of stock exchange or investment in kind (hereafter in this Article referred to as "stock exchange, etc."), as prescribed by Presidential Decree: <Amended by Act No. 11133, Dec. 31, 2011 >

1. That the strategic partnership program should be implemented between the partnership logistics corporation and the partnership counterpart logistics corporation, as prescribed by Presidential Decree, and stock exchange, etc. should be made according to such program;
2. That a stockholder of the partnership logistics corporation and anyone specially related to the relevant stockholder should not be in any special relationship prescribed by Presidential Decree with the largest stockholder of the partnership counterpart logistics corporation;
3. That the partnership logistics corporation and the partnership counterpart logistics corporation should enter into an agreement stipulating that any stockholder of the partnership logistics corporation should hold any stock acquired through the stock exchange, etc. and the partnership counterpart logistics corporation should hold any stock acquired through the stock exchange, etc. for at least one year, respectively.

(2) In the application of paragraph (1), matters concerning the scope of the logistics business, the scope of the largest stockholder, and the scope of the specially related person shall be prescribed by Presidential Decree.

(3) Article 46 - 2 (2) and (3) shall apply mutatis mutandis to the special taxation for stock exchange, etc. for the strategic partnership of logistics corporations. In such cases, "affiliated corporation" shall be construed as "partnership logistics

corporation."

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 4 (Special Taxation of Corporate Tax on Margins Accruing from Transfer of Self - Logistics Facilities)(1) With respect to an amount equivalent to the gains from transfer that occur from the transfer of the self - logistics facilities prescribed by Presidential Decree (hereafter referred to as "self - logistics facilities" in this Article) on or before December 31, 2013, which is derived by a domestic corporation falling under a small or medium enterprise that has continued to run its business without interruption for not less than one year, the amount calculated pursuant to Presidential Decree shall not be required to be included in the gross income in calculating its income for the business year concerned. In such cases, not less than the amount obtained by equally dividing the relevant amount shall be included in the gross income during the period of each of three business years from the business year whereto belongs the date on which three years lapse after the end of the business year to which the transfer date belongs. <Amended by Act No. 11133, Dec. 31, 2011 >

(2) Where any domestic corporation to whom the provisions of paragraph (1) were applied discontinues or shuts down its business within three years from the date on which the self - logistics facilities were transferred or fails to satisfy the requirements that fall under any of the following subparagraphs, it shall include the amount calculated pursuant to Presidential Decree in the gross income at the time of calculating the income amount for the business year whereto belongs the date on which such cause occurs. In such cases, with respect to the amount to be included in the gross income, the latter part of Article 33 (3) shall apply mutatis mutandis:
<Amended by Act No. 11133, Dec. 31, 2011 >

1. It is required that the logistics expenses (hereafter referred to as "third party logistics expenses" in this Article and Article 104 - 14) disbursed to persons other than the related parties provided for in Article 52 (1) of the Corporate Tax Act out of the distribution expenses defrayed during respective business years for the period fixed by Presidential Decree after the self - logistics facilities are transferred be not less than 70/100 of the total distribution expenses;

2. It is required that the third party logistics expenses disbursed during respective business years for the period fixed by Presidential Decree be not less than an amount obtained by multiplying the gains from transfer that occur from the transfer of the self - logistics facilities by the rates referred to in items (a) and (b) :

(a) Tax rate provided for in Article 55 of the Corporate Tax Act;

(b) Interest rate prescribed by Presidential Decree in consideration of the interest rates to which the financial institutions apply.

(3) In the application of paragraphs (1) and (2), the scope of logistics expenses, the submission of a specification of the transfer margin, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 5 (Special Taxation on Division of Logistics Business)

Where a domestic corporation is merged with a corporation specialized in logistics prescribed by Presidential Decree (hereafter referred to as "logistics - specialized corporation" in this Article) after dividing the section of logistics business on or before December 31, 2009, which meets all the requirements of the following subparagraphs, and a corporation that is newly incorporated after such division or a counterpart corporation of the merger through division appraises and succeeds to the assets of the divided corporation or the extinguished counterpart corporation of the merger through division, an amount equivalent to the gains from transfer that occur from the division appraisal of the relevant assets in the value of the assets acquired by succession (limited to the assets prescribed by Presidential Decree) may be included in the deductible expenses at the time of calculating the income amount of the business year whereto belongs the date on which the division is registered pursuant to the main sentence of Article 46 (1) of the Corporate Tax Act other than each subparagraph: Provided, That this shall not apply to cases where the divided corporation, the corporation that is newly incorporated after such division or the counterpart corporation of the merger through division falls under any such related person as provided for in Article 52 (1) of the Corporate Tax Act: <Amended by Act No. 11133, Dec. 31, 2011 >

1. That the split - off shall be the one conducted as prescribed by Presidential Decree by the domestic corporation that has continued to operate its business for not less

than one year as of the date of registration of split - off;

2. That the domestic corporation falls under Article 46 (1) 2 and 3 of the Corporate Tax Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 6 (Special Taxation for Succession to Deficits Carried Forward following Merger of Logistics Corporations)

Where a corporation engaged in the logistics industry (hereafter referred to as "logistics corporation" in this Article) is merged with any other logistics corporation on or before December 31, 2009, which meets all the following requirements, the deficits of the disappearing corporation in the merger (hereinafter referred to as "merged corporation") provided for in subparagraph 1 of Article 13 of the Corporate Tax Act as at the date on which the merger is registered may be deducted in calculating the tax base for each business year of the merging corporation pursuant to Article 45 of the abovementioned Act within the scope of the amount prescribed by Presidential Decree:

1. That the corporation shall meet all the requirements referred to in subparagraphs of Article 44 (1) of the Corporate Tax Act;
2. That the merging corporation shall succeed to the assets of the merged corporation in its book value;
3. That the stocks or equities received by the stockholders, employees, or investors of the merged corporation shall be at least 3/100 of the total number of stocks issued by, or the total amount of owner' equity in, the merging corporation as at the registration date of merger by the merging corporation;
4. That the corporation shall fall under Article 45 (1) 3 of the Corporate Tax Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 46 - 7 (Special Taxation for Swap of Unlisted Stocks, etc. for Strategic

Partnership)(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter the same shall apply in this Article) of a venture business, excluding listed - stock corporations as defined under the Financial Investment Services and Capital Markets Act (including small or medium enterprises which invest at least five percent of their sales prescribed by Presidential Decree in research and development of human

resources; hereafter referred to as "venture business, etc." in this Article), swaps stocks of the venture business, etc. held by him/her with the treasury stocks held by a stock corporation (hereafter referred to as "affiliated corporation" in this Article) or stocks held by a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by the affiliated corporation; hereafter the same shall apply in this Article) of the affiliated corporation, or receives stocks newly issued by the affiliated corporation in a value equivalent to the investment amount, in return for his/her investment in kind, on or before December 31, 2018, upon fully meeting the following requirements, the imposition of capital gains tax on the gains from such swap or acquisition may be deferred, as prescribed by Presidential Decree, until the stockholder disposes of the stocks of the affiliated corporation, which he/she acquires through stock swap or investment in kind (hereafter referred to as "stock swap, etc." in this Article): <Amended by Act No. 13560, Dec. 15, 2015>

1. That the strategic partnership program shall be implemented between the venture business, etc., and the affiliated corporation, as prescribed by Presidential Decree, and stock swap, etc. shall be made according to such program;
2. That a related person prescribed by Presidential Decree to any stockholder of the venture business, etc. shall not be in any special relationship prescribed by Presidential Decree with the largest stockholder prescribed by Presidential Decree of the affiliated corporation;
3. That the venture business, etc. and the affiliated corporation shall enter into an agreement stipulating that the stocks acquired by the stockholders of the venture business, etc. through stock swap, etc., and the stocks acquired by the affiliated corporation or the stockholders of the affiliated corporation through stock swap, etc. must be held for at least one year, respectively.

(2) Where the stockholder of the venture business, etc. who is allowed to defer capital gains tax under paragraph (1) violates the agreement entered into under paragraph (1) 3, he/she shall, as prescribed by Presidential Decree, pay the capital gains tax so deferred.

(3) Any person who desires to be allowed to defer capital gains tax under paragraph (1) shall file an apply therefor, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 46 - 8 (Special Taxation for Re - Investment in Venture Businesses, etc. after Sale of Stocks)(1) Where a stockholder of a venture business or a stockholder prescribed by Presidential Decree of an enterprise in which case seven years have not passed since it ceased to be a venture business (hereafter in this Article, referred to as "enterprise for sale"), transfers stocks of the enterprise for sale that he/she holds at least the percentage prescribed by Presidential Decree to any person, other than a related party prescribed by Presidential Decree, and makes a contribution or investment of at least 80/100 of the proceeds from such transfer (hereinafter referred to as "re - investment") by not later than December 31, 2018, upon fully meeting the following conditions, capital gains tax on the gains accruing from the sale of stocks of the enterprise for sale, may be deferred until the stockholder disposes of the stocks or equity shares acquired by re - investment (including where an enterprise in which re - investment has been made, closes its business), as prescribed by Presidential Decree: Provided, That the same shall not apply where re - investment is made by acquiring any third person ' s equity shares, investment shares, or beneficiary certificates, or by making a re - investment after disposing of the stocks or equity shares acquired by re - investment: <Amended by Act No. 13082, Jan. 28, 2015; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. That the stockholder shall make any of the following re - investments within the period prescribed by Presidential Decree from the date he/she transfers the stocks under paragraph (1):
 - (a) Contributing to a small or medium business start - up investment fund, the Korea Venture Fund, a new technology venture capital fund, or a specialized investment fund for materials and components;
 - (b) Investing in beneficiary certificates of a venture business investment trust prescribed by Presidential Decree (hereafter in this Article, referred to as "venture business investment trust");
 - (c) Investing the amount contributed to an association established under Article 13 of the Act on Special Measures for the Promotion of Venture Businesses, as prescribed by Presidential Decree, in a venture business or an equivalent small

or medium enterprise prescribed by Presidential Decree for which three years have not passed since its incorporation (hereafter in this Article, referred to as "venture business, etc.");

(d) Investing in a venture business, etc.;

2. A related party prescribed by Presidential Decree to any stockholder of the enterprise for sale, shall not be in any special relationship prescribed by Presidential Decree with the largest stockholder of the venture business, etc. referred to in subparagraph 1 (c) or (d);

3. The stocks or equity shares acquired by re - investment shall be held for at least three years.

(2) Any person who wishes to be granted deferment of capital gains tax under paragraph (1), shall file an application therefor within the period for preliminary return, as prescribed by Presidential Decree.

(3) If any person granted deferment of capital gains tax under paragraph (1), violates paragraph (1) 1 or 3, the person shall pay the capital gains tax deferred, as prescribed by Presidential Decree; and where the person violates paragraph (1) 1, the amount of capital gains tax payable shall be calculated by deeming that he/she has filed a tax return within the period for preliminary return but fails to pay such tax, except where no re - investment has been made on the grounds prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Articles 47 and 47 - 2 Deleted.<by Act No. 9272, Dec. 26, 2008>

Article 47 - 3 (Special Taxation for Succession to Deficit Carried Forward following Merger with Venture Businesses)

Where a corporation (including a venture business) merges with a venture business no later than December 31, 2012 while meeting the requirements listed in the subparagraphs of Article 44 (2) of the Corporate Tax Act (in such cases, in applying subparagraph 1 of the same paragraph, where one year has passed since a venture business acquired asset or paid expenses for the purpose of implementing projects, such as research, development, etc., such venture business shall be deemed to have been operated continuously for not less than one year), the deficit under subparagraph 1 of Article 13 of the Corporate Tax Act of the merged corporation as

of the registration date of merger may be deducted when the tax base for each business year of the merging corporation is calculated in accordance with Article 45 of the same Act within the limit of amount prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 6 Special Taxation for Restructuring Financial Institutions

Article 47 - 4 (Special Taxation for Transfer of Redundant Assets following Merger)(1)

Where any assets become redundant as a consequence of a merger (including a merger through division, but limited to a merger of corporations engaging in the same type of business) between domestic corporations engaging in the type of business prescribed by Presidential Decree, including pharmaceutical business, by not later than December 31, 2018, and the merging corporation transfers the redundant assets within one year from the date the merger is registered, the merging corporation may exclude the amount calculated by the formula prescribed by Presidential Decree, out of the proceeds from the transfer of such redundant assets (including proceeds on the valuation of such redundant assets upon the merger or proceeds on the valuation of such redundant assets upon the division) from the gross income, for the purposes of calculating the amount of its income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, for three business years starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) Where a domestic corporation subject to paragraph (1) closes its business or is dissolved within three years from the date the merger is registered, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree in its gross income for the purposes of calculating the amount of income of the business year in which the date of such closure or dissolution falls. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount included in the gross income.<Amended by Act No. 14390, Dec. 20, 2016>

(3) For the purposes of paragraph (1), the scope of redundant assets; submitting the statements of proceeds from transfer; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>
[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 48 (Special Taxation for Reserves for Structural Improvement)(1) Where the Korea Federation of Saving Banks established under Article 25 of the Mutual Savings Banks Act (hereafter referred to as the "Korea Federation of Savings Banks" in this Article) accumulates the reserves for structural improvement prescribed by Presidential Decree (hereafter referred to as "reserves for structural improvement" in this Article) to use such reserves for structural improvement projects of mutual savings banks, such as take - over of insolvent mutual savings banks (referring to take - over defined in subparagraph 4 of Article 2 of the Act on the Structural Improvement of the Financial Industry), and increase of capital (hereafter referred to as "structural improvement projects" in this Article) until the business year in which June 30, 2013 falls, the amount equivalent to such reserves shall be included in the deductible expense when computing the income of the relevant business year.

(2) Where the Korea Federation of Saving Banks appropriates the profits accruing from operating the reserves for structural improvement for the reserve for loss compensation in order to compensate for losses arising from structural improvement projects until the business year in which June 30, 2013 falls, the relevant amount shall be included in the deductible expense when computing the income of the relevant business year.

(3) Where any loss is incurred from structural improvement projects, the Korea Federation of Saving Banks shall offset such loss by the reserves for loss compensation in good order of appropriation.

(4) Where any balance of the reserve remains after appropriation under paragraph (3) by the ending date of the business year in which the date 5 years elapse falls since the ending date of the business year when the reserve for loss compensation shall be included in the deductible expense, the Korea Federation of Saving Banks shall include the amount in the gross income when computing the income of the business year in which the date 5 years elapse falls.

(5) In any of the following circumstances, the Korea Federation of Saving Banks shall add the amount included in the deductible expense under paragraphs (1) and (2) to the gross income in the manners prescribed by Presidential Decree:

1. Where the reserves for structural improvement are abolished;
2. Where the reserves for structural improvement is partially transferred to other accounts of the Korea Federation of Saving Banks from the account for the reserves for structural improvement;
3. Where the Korea Federation of Saving Banks is dissolved.

(6) Where the Korea Federation of Saving Banks wishes to secure tax credits under paragraphs (1) and (2), it shall submit a specification of the reserves for loss compensation to the head of the district tax office in the place of tax payment.

(7) Where the Korea Federation of Saving Banks accumulates the reserves for structural improvement, it shall keep separate accounting of the reserves for structural improvement from other accounts of the Korea Federation of Savings Banks under Article 113 of the Corporate Tax Act.

(8) In applying paragraphs (1), (2) and (6), submission of a specification of reserves for loss compensation, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 49 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 50 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 51 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 52 (Special Taxation of Corporate Tax on Takeover of Assets or Debts by Financial Institutions)

Where any financial institution as defined under subparagraph 1 of Article 2 of the Act on the Structural Improvement of the Financial Industry (hereafter referred to as "underwriting financial institution" in this Article) takes over debts that exceed the value of assets of an insolvent financial institution (hereinafter referred to as "insolvent financial institution") as defined under subparagraph 3 of Article 2 of the aforesaid Act, by not later than December 31, 2018, in accordance with an order to transfer contracts, as a timely corrective measure taken under Article 10 of the

aforesaid Act (hereafter referred to as "timely corrective measure" in Article 117) or a decision on transfer of contracts under Article 14 (2) of the aforesaid Act (hereafter referred to as "decision on contract transfer" in Article 117) and fully satisfies the following requirements, it shall include the amount of transferred debts that exceed the value of transferred assets (hereafter referred to as "net debts" in this Article) in its deductible expenses when calculating its income for the relevant business year: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

1. That the underwriting financial institution should be compensated for the amount equivalent to the net debts by the Korea Deposit Insurance Corporation under Article 3 of the Depositor Protection Act (hereinafter referred to as the "Korea Deposit Insurance Corporation");
2. That the values of assets and debts transferred to the underwriting financial institution should be the value verified by the Governor of the Financial Supervisory Service.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 52 - 2 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 53 Deleted. <by Act No. 6045, Dec. 28, 1999 >

Article 54 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 55 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 55 - 2 (Special Taxation for Self - Managed Real Estate Investment Companies, etc.)(1) and (2) Deleted. <by Act No. 8146, Dec. 30, 2006 >

(3) Deleted.<by Act No. 6538, Dec. 29, 2001 >

(4) Where a self - managed real estate investment trust as defined under subparagraph 1 (a) of Article 2 of the Real Estate Investment Company Act (hereafter referred to as "self - managed real estate investment trust" in this Article), builds new housing units below the size prescribed by Presidential Decree (hereinafter referred to as "national housing units"), or purchases national housing units, which have never been occupied by any person at the time of their acquisition to operate a lease business, on or before December, 31, 2009, it is entitled to deduct

an amount equivalent to the 50/100 of the income amount accruing from the lease of the national housing units from its income for each business year during a period from the business year in which the first income accrued from such lease business (or the taxable year in which the fifth anniversary of the date of commencement of the lease business falls, if no income accrues from the lease business from the taxable year in which the business commences to the taxable year in which the fifth anniversary of the date of commencement of the business falls) and subsequent five business years that end within five years from the first day of the following business year. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 13560, Dec. 15, 2015>

(5) Where a self - managed real estate investment company builds any of the following houses or purchases any of such houses, which have never been occupied by any person at the time of its acquisition, to operate a lease business, on or before December 31, 2018, it is entitled to deduction of an amount equivalent to 100/100 of the income accruing from the lease of such houses from its income for each business year during the period starting from the business year in which the first income accrues from the lease business (or the taxable year in which the fifth anniversary of the date of commencement of the lease business falls, if no income accrues from the lease business from the taxable year in which the business commences to the taxable year in which the fifth anniversary of the date of commencement of the business falls) and subsequent taxable years that end within eight years (five years, in cases of the houses specified in subparagraph 2) from the first day of the following taxable year: <Newly Inserted by Act No. 10901, Jul. 25, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Houses below the size prescribed by Presidential Decree, among corporate rental housing units as defined under subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or quasi - public rental housing units as defined under subparagraph 5 of Article 2 of the same Act;
2. Houses below the size prescribed by Presidential Decree, among houses that do not fall within the category of subparagraph 1.

(6) Where a self - managed real estate investment company seeking to be accorded special tax treatment under paragraphs (4) and (5) concurrently engages in the business eligible for the tax deduction and any other businesses, it shall keep separate accounting pursuant to Article 113 of the Corporate Tax Act. <Newly Inserted

by Act No. 10901, Jul. 25, 2011; Act No. 13560, Dec. 15, 2015 >

(7) For the purposes of paragraphs (4) and (5), the calculation of the amount of income deductions, filing applications for income deductions, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 6538, Dec. 29, 2001; Act No. 8146, Dec. 30, 2006; Act No. 10901, Jul. 25, 2011 >

[This Article Newly Inserted by Act No. 6501, Aug. 14, 2001]

Article 56 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 57 (Business Year for Profits or Losses Arising from Investments in Securities

Market Stabilization Fund, etc.)With respect to the business year whereto belong any profits or losses arising to a corporation from investing, not later than December 31, 2004, in an association prescribed by Presidential Decree which has been organized to stabilize the securities market or the investment trust market through investment, etc. in the listed securities, the business year during which the association has actually distributed such profits and losses to the corporation shall become the business year whereto belong such profits and losses, notwithstanding Article 40 of the Corporate Tax Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 7 Special Taxation for Balanced Regional Development

Article 58 Deleted. <by Act No. 5996, Aug. 31, 1999 >

Article 59 Deleted. <by Act No. 5996, Aug. 31, 1999 >

Article 60 (Special Taxation for Corporate Tax on Relocating Factories Outside of Large Cities)(1) Deleted. <by Act No. 6538, Dec. 29, 2001 >

(2) Where a domestic corporation which runs a business with its factory and facilities established in a large city prescribed by Presidential Decree (hereinafter referred to as "large city") transfers the factory site and buildings on or before December 31, 2017 in order to re - locate (excluding re - location of any factory outside of the Seoul Metropolitan area into the Seoul Metropolitan area) such factory to outside of the large city (hereafter referred to as "rural area" in this Article), the domestic corporation may elect to exclude an amount computed by the formula

prescribed by Presidential Decree from its gross income up to the gains accruing from such transfer less the carried - over deficits under subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of the business year immediately preceding the year in which the date of transfer falls, for the purposes of calculating its income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014 >

(3) A domestic corporation that wishes to be accorded special tax treatment under paragraph (2) shall engage in the same type of business in the factory before and after relocation, according to the classification prescribed by Presidential Decree. <Newly Inserted by Act No. 11133, Dec. 31, 2011 >

(4) Where a domestic corporation accorded special tax treatment under paragraph (2) fails to commence its business by acquiring a factory in any rural area, as prescribed by Presidential Decree, or closes its business, or is dissolved before fully including the amount excluded from gross income in its gross income, the domestic corporation shall include an amount calculated by the formula prescribed by Presidential Decree out of the remaining amount excluded from its gross income, in its gross income, for the purposes of calculating the income for the business year in which the date of such failure, closure, or dissolution falls. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount added to its gross income (excluding any amount added to its gross income due to closure of business or dissolution as a consequence of a merger, division, or merger through division). <Amended by Act No. 9921, Jan. 1, 2010 >

(5) Deleted. <by Act No. 6538, Dec. 29, 2001 >

(6) Any domestic corporation that wishes to be accorded special tax treatment under paragraph (2) shall submit a statement on transfer gains of land or building (hereinafter referred to as "land, etc.") and other required documents to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010 >

Article 61 (Special Taxation for Corporate Tax on Transfer Gains Following Relocation of Corporation's Head Office to Outside of Overconcentration Control Region of Seoul Metropolitan Area)(1) and (2) Deleted. <by Act No. 6538, Dec. 29, 2001 >

(3) Where a domestic corporation whose head office or principal place of business is located in the over - concentration control region of the Seoul Metropolitan area transfers the site and buildings of the head office or principal place of business on or before December 31, 2017 in order to relocate the head office or principal place of business to outside of the over - concentration control region of the Seoul Metropolitan area, the domestic corporation may elect to exclude an amount computed by the formula prescribed by Presidential Decree from its gross income up to the gains accruing from such transfer less the carried - over deficits under subparagraph 1 of Article 13 of the Corporate Tax Act as at the end of the business year immediately preceding the year in which the date of transfer falls, for the purposes of calculating the income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

(4) A domestic corporation that wishes to be accorded special tax treatment under paragraph (3) shall engage in the same type of business at its head office or principal place of business before and after relocation, according to the classification prescribed by Presidential Decree.<Newly Inserted by Act No. 12853, Dec. 23, 2014>

(5) Where any of the following events occurs before a domestic corporation accorded special tax treatment under paragraph (3) fully includes the amount excluded from its gross income in the gross income, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree out of the amount excluded from its gross income, in its gross income, for the purpose of calculating the income for the business year in which the date of occurrence of the relevant event falls. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount added to its gross income (excluding any amount added to its gross income due to closure of business or dissolution as a consequence of a merger, division, or merger through division):<Amended by Act No. 9921, Jan. 1,

[2010; Act No. 12853, Dec. 23, 2014](#)>

1. Where the domestic corporation fails to relocate its head office or principal place of business to outside of the over - concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree;
2. Where the domestic corporation has any office exceeding the criteria prescribed by Presidential Decree in the over - concentration control region of the Seoul Metropolitan area;
3. Where the domestic corporation disburses the proceeds from the disposal of the site and building of the head office or principal place of business in the over - concentration control region of the Seoul Metropolitan area for any purpose other than purposes prescribed by Presidential Decree;
4. Where the domestic corporation closes its business or is dissolved.

(6) Any domestic corporation seeking to be accorded special tax treatment under paragraph (3) shall submit a statement on transfer gains of land, etc. and other required documents to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. <[Amended by Act No. 9921, Jan. 1, 2010](#)>

Article 62 (Reduction or Exemption of Corporate Tax, etc. for Public Institutions

Relocating to Innovation Cities, etc.) (1) Where a relocated public agency defined in subparagraph 2 of Article 2 of the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies (hereafter in this Article, referred to as "relocated public agency"), transfers any previous real estate prescribed by Presidential Decree (hereafter in this Article, referred to as "previous real estate"), which is defined in subparagraph 6 of Article 2 of the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies, by not later than December 31, 2018, in order to relocate its head office or principal place of business (hereafter in this Article, referred to as "head office") to an innovation city defined in subparagraph 3 of Article 2 of the aforesaid Act or to Sejong Special Self - Governing City established under the Special Act on the Establishment, etc. of Sejong Special Self - Governing City (hereafter in this Article, referred to as "Sejong Self - Governing City "), the relocated public agency may choose to exclude an amount computed by the formula prescribed by Presidential

Decree from its gross income up to the proceeds accruing from such transfer less the deficits carried forward under 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, when calculating the income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year falling on the fifth anniversary from the end of the business year in which such previous real estate is transferred. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(2) Article 61 (5) shall apply mutatis mutandis to a domestic corporation eligible under paragraph (1), as prescribed by Presidential Decree. In such cases, "outside of the over - concentration control region of the Seoul Metropolitan area" shall be construed as "innovation city or Sejong Self - Governing City"; "over - concentration control region of the Seoul Metropolitan area" as "Seoul Metropolitan area"; and "site and building of the head office or principal place of business in the over - concentration control region of the Seoul Metropolitan area" as "previous real estate," respectively. <Amended by Act No. 12173, Jan. 1, 2014>

(3) Any domestic corporation seeking to be accorded special tax treatment under paragraph (1), shall submit a statement on proceeds from transfer of land, etc. and other required documents, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(4) Where a relocated public agency, the head office of which is located in the growth management region classified under Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act (hereafter in this Article, referred to as "growth management region"), relocates its head office to an innovation city by not later than December 31, 2018, the relocated public agency is entitled to an exemption of corporate tax on the income equivalent to an amount calculated by multiplying the amount of subparagraph 1 by the smaller of the ratios prescribed in subparagraph 2 or 3 for each taxable year, for the taxable year in which the first income accrues after the date of relocation (or the taxable year falling on the fifth anniversary from the date of relocation, if no income accrues until the taxable year falling on the fifth anniversary from the date of relocation), and also within the two subsequent taxable

years from the date the following taxable year commences; and entitled to a reduction of corporate tax by the equivalent to 50/100 of corporate tax levied for the two subsequent taxable years thereafter: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. The tax base for the relevant taxable year less the proceeds from the transfer of land, buildings, or the right to acquire real estate and the income prescribed by Presidential Decree;
2. The ratio of the total wages paid to employees working at the head office relocated to an innovation city (hereafter in this Article, referred to as "relocated head office") during the relevant taxable year to the total wages paid to all employees of the corporation after relocation for their service during the taxable year;
3. The ratio of the number of employees working at the relocated head office during the relevant taxable year to the total number of all employees working at the corporation.

(5) For the purposes of paragraph (4), "number of employees working at the relocated head office" means the number of employees calculated by subtracting the average number of full - time employees per year at the relocated head office during the taxable year in which three years retrospectively lapse from the date of relocation from the average number of full - time employees per year (referring to the number of employees calculated by aggregating the number of employees as at the end of each month and dividing the aggregate by the number of relevant months, but excluding the number of employees assigned to the relocated head office after having worked at the head office in an area outside of the Seoul Metropolitan area after the taxable year in which two years retrospectively lapse from the date of relocation); and "number of all employees working at the corporation" means the average number of all full - time employees per year working at the corporation. <Amended by Act No. 12853, Dec. 23, 2014>

(6) For the purposes of paragraph (4), where the ratio of the number of executive officers prescribed by Presidential Decree (hereafter in this Article, referred to as "executive officer") working at the relocated head office to the total number of executive officers working at the head office in the Seoul Metropolitan area and at the relocated head office, does not exceed 50/100 during the period of reduction or

exemption of corporate tax, the relocated public agency loses its entitlement to a reduction or exemption of corporate tax under paragraph (4) starting from the relevant taxable year.

(7) Where any of the following events arises, a relocated public agency granted a reduction or exemption of corporate tax under paragraph (4), shall pay, as corporate tax, an amount of tax calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event arises:

1. Where the agency closes its business, or is dissolved, within three years from the date it has started business after relocating its head office to the innovation city;
2. In cases prescribed by Presidential Decree, such as the agency ' s failure to start business after relocating its head office to the innovation city;
3. Where the agency maintains its office of at least the scale prescribed by Presidential Decree in the Seoul Metropolitan area;
4. Where the ratio of the number of executive officers working at the relocated head office to the total number of executive officers working at the head office in the Seoul Metropolitan area and at the relocated head office, does not exceed 50/100.

(8) The provisions of Article 33 - 2 (4) concerning an additional amount equivalent to the interest shall apply mutatis mutandis where the amount of corporate tax reduced or exempted under paragraph (4) is paid under paragraph (7).

(9) For the purposes of paragraphs (4) through (6), methods for calculating the period; scope of wages; application for reducing or exempting the amount of tax; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11133, Dec. 31, 2011]

Article 63 (Tax Reduction or Exemption for Small or Medium Enterprises Relocating Outside of Over - Concentration Control Region of Seoul Metropolitan Area)(1) Where a small or medium enterprise (limited to a national) that has engaged in a business for at least two consecutive years with factory facilities established in the over - concentration control region of the Seoul Metropolitan area, fully relocates its factory facilities to an area outside of the over - concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree, and starts its business in that area, by not later than December 31, 2017 (limited to where the head office or principal place of business is relocated along with factory facilities, if

the head office or principal place of business is located in the over - concentration control region of the Seoul Metropolitan area), the small or medium enterprise is entitled to an exemption of income tax or corporate tax by the equivalent to 100/100 of the income tax or corporate tax on income accruing from the relevant factory after relocation, for the taxable year in which the first income accrues from the relevant factory (or the taxable year falling on the fifth anniversary from the date of relocation, if no income accrues until the taxable year falling on such fifth anniversary), and also within the six subsequent taxable years from the date the following taxable year commences (or four subsequent taxable years, if it relocates to a growth management region referred to in Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act, a nature preservation region referred to in Article 6 (1) 3 of the aforesaid Act, a Metropolitan City located in any area other than the Seoul Metropolitan area, or any other area prescribed by Presidential Decree); and entitled to a reduction of income tax or corporate tax by the equivalent to 50/100 of the income tax or corporate tax on income accruing from the relevant factory after relocation for the three subsequent taxable years thereafter (or two subsequent taxable years thereafter, if it is relocated to a growth management region referred to in Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act, a nature preservation region referred to in Article 6 (1) 3 of the aforesaid Act, a Metropolitan City located in any area other than the Seoul Metropolitan area, or any other area prescribed by Presidential Decree). <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014 >

(2) Where any of the following event arises, a small or medium enterprise granted a tax reduction or exemption under paragraph (1), shall pay, as income tax or corporate tax, the amount of tax calculated, as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event arises:

1. Where the small or medium enterprise closes its business or is dissolved within three years from the date the business commences after relocating the factory: Provided, That this shall not apply where such closure or dissolution is caused by a merger, division, or merger through division;
2. Where the small or medium enterprise does not qualify as 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;

3. Where the small or medium enterprise establishes a factory which produces the same products as those produced at the factory relocated pursuant to paragraph (1), or its head office in the over - concentration control region of the Seoul Metropolitan area during the period of reduction or exemption granted under paragraph (1).

(3) The provisions of Article 33 - 2 (4) concerning the additional amount equivalent to the interest, shall apply mutatis mutandis where the amount of income tax or corporate tax reduced or exempted under paragraph (1), is paid under paragraph (2).

(4) Any person who intends to be granted a reduction or exemption of income tax or corporate tax under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) Any small or medium corporation that intends to be granted a reduction or exemption of income tax or corporate tax under paragraph (1), shall engage in the same type of business in the factory before and after relocation, according to the classification prescribed by Presidential Decree. <Newly Inserted by Act No. 11133, Dec. 31, 2011 >

(6) If an enterprise granted a tax reduction or exemption under paragraph (1), ceases to be a small or medium enterprise by 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, it becomes ineligible to the tax reduction or exemption, starting from the taxable year in which the relevant ground arises. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 63 - 2 (Reduction or Exemption of Corporate Tax, etc. for Relocating Factories and Head Offices to Areas Outside of Seoul Metropolitan Area)(1) A corporation that fully meets the following conditions (hereafter in this Article, referred to as "corporation relocating to a rural area"), is entitled to a reduction or exemption of corporate tax, as prescribed in paragraphs (2) through (4): Provided, That the same shall not apply to any corporation that engages in real estate business, construction business, consumer service business, non - store retailing business, or shipping brokerage business prescribed by Presidential Decree: <Amended by Act No. 9921,

Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

1. The corporation shall have engaged in its business with factory facilities for at least three consecutive years, or have its head office or principal place of business (hereafter in this Article, referred to as "head office") for at least three consecutive years in the over-concentration control region of the Seoul Metropolitan area;

2. The corporation shall relocate its entire factory facilities or head office outside of the Seoul Metropolitan area (only applicable to an industrial complex designated under the Industrial Sites and Development Act where relocating its factory facilities to a Metropolitan City; hereafter in this Article, the same shall apply) and start its business therein, as prescribed by Presidential Decree, by not later than December 31, 2017; or it shall build a new factory or head office in an area outside the Seoul Metropolitan area and start its business by not later than December 31, 2020 (only applicable where it acquires a site for factory or head office by not later than December 31, 2017, and submits a relocation plan when filing a tax return for the taxable year in which December 31, 2017 falls).

(2) A corporation relocating to a rural area is entitled to an exemption of corporate tax on incomes prescribed in subparagraphs 1 through 3, for the taxable year in which the first income accrues from the corporation relocating to a rural area after the date of relocation (or the taxable year falling on the fifth anniversary from the date of relocation, if no income accrues until the taxable year falling on the fifth anniversary from the date of relocation) and also within the six subsequent taxable years from the date the following taxable year commences (or four subsequent taxable years, if it relocates to a Metropolitan City located in any area other than the Seoul Metropolitan area or any other area prescribed by Presidential Decree); and entitled to a reduction of corporate tax by the equivalent to 50/100 of corporate tax for the three subsequent taxable years thereafter (or two subsequent taxable years thereafter, if it relocates to a Metropolitan City located in any area other than the Seoul Metropolitan area or any other area prescribed by Presidential Decree):

<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

1. If the corporation relocates its factory, income accruing from the factory;

2. If the corporation relocates its head office, income equivalent to an amount calculated by multiplying the amount prescribed in item (a) by the smaller of the ratios prescribed in items (b) and (c), and the ratio prescribed in item (d) for each taxable year:

(a) The tax base for the relevant taxable year less the proceeds from transfer of land, buildings, or the right to acquire real estate and the income prescribed by Presidential Decree;

(b) The ratio of the total wages paid to employees working at the head office relocated to outside of the Seoul Metropolitan area (hereafter in this Article, referred to as "relocated head office") during the relevant taxable year to the total wages paid to all employees of the corporation for their service during the year;

(c) The ratio of the number of employees working at the relocated head office during the relevant taxable year to the total number of all employees working at the corporation;

(d) The ratio of the amount calculated by subtracting the sales from consignment processing trade prescribed by Presidential Decree, from the total sales for the relevant taxable year to the total sales for the relevant taxable year;

3. If the corporation relocates its factory and head office together, income equivalent to the aggregate of the incomes prescribed in subparagraphs 1 and 2: Provided, That the cap shall not exceed the total income for the relevant taxable year.

(3) For the purposes of paragraph (2) 2, "number of employees working at the relocated head office" means the number of employees calculated by subtracting the average number of full - time employees per year at the relocated head office during the taxable year in which three years retrospectively lapse from the date of relocation from the average number of full - time employees per year (referring to the number of employees computed by aggregating the number of employees as at the end of each month and dividing the aggregate by the number of relevant months, but excluding the number of employees assigned to the relocated head office after having worked at the head office in an area outside of the Seoul Metropolitan area after the taxable year in which two years retrospectively lapse from the date of relocation); and "number of all employees working at the corporation" means the average number of all full - time employees per year working at the corporation.

<Amended by Act No. 9921, Jan. 1, 2010; Act No. 12853, Dec. 23, 2014>

(4) For the purposes of paragraph (2) 2, where the following event arises during the period of reduction or exemption of corporate tax, the corporation relocating to a rural area loses its entitlement to a reduction or exemption of corporate tax under paragraph (2) starting from the relevant taxable year:<Amended by Act No. 7322, Dec. 31, 2004; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010>

1. Deleted;<by Act No. 9272, Dec. 26, 2008>

2. Where the ratio of the number of executive officers prescribed by Presidential Decree (hereafter in this Article, referred to as "executive officer") working at the relocated head office to the total number of executive officers working at the head office in the Seoul Metropolitan area and at the relocated head office, does not exceed 50/100.

(5) Article 60 (2), (4), and (6), or 61 (3), (5), and (6) shall apply mutatis mutandis to corporate tax on the proceeds from transfer accruing when a corporation relocating to a rural area transfers its factory or head office in the over-concentration control region of the Seoul Metropolitan area.<Amended by Act No. 9921, Jan. 1, 2010>

(6) A parcel of land appurtenant to a factory site owned (including a parcel of land, the ownership of which is transferred due to a merger, division, or merger through division) by a corporation relocating to a rural area (limited to relocating its factory) prior to its relocation, shall be deemed a parcel of land subject to Article 106 (1) 3 (a) of the Local Tax Act for five years, beginning on the date of relocation of the factory, if the parcel of land is subject to Article 106 (1) 3 (a) of the Local Tax Act as at the date of relocation: Provided, That the same shall not apply where the corporation closes its business after having commenced the operation of the relocated factory.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10221, Mar. 31, 2010>

(7) Where any of the following events arises, a corporation relocating to a rural area granted a reduction or exemption of corporate tax under paragraph (2), shall pay, as corporate tax, an amount of tax calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which such event arises:<Amended by Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 6762, Dec. 11, 2002; Act No. 7003, Dec. 30, 2003; Act No. 7322, Dec. 31, 2004; Act No. 9921, Jan. 1, 2010>

1. Where the corporation closes its business, or is dissolved within three years from the date the business commences after relocating its factory or head office: Provided, That the same shall not apply where such closure or dissolution is caused by a merger, division, or merger through division;
 2. Where the corporation does not qualify as 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;
 3. Where the corporation establishes its head office or a factory producing the same products as those produced at the factory relocated under paragraph (1) in the Seoul Metropolitan area;
 4. Deleted; <by Act No. 6538, Dec. 29, 2001 >
 5. Where the corporation has relocated its head office, but maintains an office of at least the scale prescribed by Presidential Decree in the Seoul Metropolitan area;
 6. Where the corporation has relocated its head office, but subject to paragraph (4) 2.
- (8) The provisions concerning an additional amount equivalent to the interest under Article 33 - 2 (4), shall apply mutatis mutandis where the amount of corporate tax reduced or exempted under paragraph (2) is paid pursuant to paragraph (7). <Amended by Act No. 9921, Jan. 1, 2010 >
- (9) Where any of the events prescribed in paragraph (7) 1 through 3, arises while a corporation relocating to a rural area enjoys the benefit of Article 106 (1) 3 (a) of the Local Tax Act regarding a parcel of land appurtenant to a factory site prior to its relocation, for five years from the date of relocation pursuant to paragraph (6), the property tax, the comprehensive real estate holding tax, and the additional amount equivalent to the interest, shall be levied additionally, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10221, Mar. 31, 2010 >
- (10) Any corporation relocating to a rural area that wishes to be accorded special tax treatment under paragraph (1), (2), (5), or (6), the type of business in which it engaged in its factory or head office before relocation shall be identical with the type of business in which it engages in the factory or head office after relocation, according to the classification prescribed by Presidential Decree. <Newly Inserted by Act No. 11133, Dec. 31, 2011; Act No. 13560, Dec. 15, 2015 >

(11) For the purposes of paragraphs (1) through (5) and (7), methods for calculating a period; scope of wages; application for reducing or exempting the amount of tax; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010>

[This Article Newly Inserted by Act No. 6045, Dec. 28, 1999]

Article 63 - 3 Deleted. <by Act No. 9272, Dec. 26, 2008>

Article 64 (Tax Reduction or Exemption for Enterprises, etc. that Occupy Agro - Industrial Complexes)(1) The following entities are entitled to a reduction or exemption of

income tax or corporate tax on income accruing from the relevant business by applying mutatis mutandis Article 6 (1): <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14111, Mar. 29, 2016>

1. A national that occupies an agro - industrial complex prescribed by Presidential Decree, among agro - industrial complexes designated under the Industrial Sites and Development Act, and engages in a business developing the income sources of farming and fishing communities, by not later than December 31, 2018;

2. A small or medium enterprise that occupies an area prescribed by Presidential Decree, of the areas for special support for local small and medium enterprises designated under Article 62 - 23 of the Small and Medium Enterprises Promotion Act, and engages in a business in that area, by not later than December 31, 2018.

(2) Any person who intends to be granted a tax reduction or exemption under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 65 Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 66 (Corporation Tax Exemption, etc. for Agricultural Partnerships, etc.) (1) An agricultural partnership incorporated under the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "agricultural partnership"), is entitled to an exemption of corporate tax on the total income accruing from business growing cereal crops and other crops for food (hereinafter referred to as "income from fool - crop growing business"), and on the amount

prescribed by Presidential Decree, out of the income other than that from food - crop growing business, by the taxable year ending on or before December 31, 2018.

<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(2) Of the dividend income that a member of an agricultural partnership receives from the agricultural partnership by not later than December 31, 2018, the full amount of dividends accruing from income from food - crop growing business, and the amount prescribed by Presidential Decree, out of the dividends accruing from income other than that from food - crop growing business, shall be exempt from income tax. In such cases, the dividends accruing from income from food - crop growing business, and the dividends accruing from income other than that from food - crop growing business, shall be calculated, as prescribed by Presidential Decree.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(3) Notwithstanding Article 129 of the Income Tax Act, the rate of withholding tax on the dividend income paid by not later than December 31, 2018, other than the amount exempt from income tax under paragraph (2), out of dividends paid by an agricultural partnership to its members, shall be 5/100; and such dividend income shall not be added to the tax base of global income calculated under Article 14 (2) of the Income Tax Act.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(4) A farmer prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with farmland or grassland developed with permission to develop grassland under Article 5 of the Grassland Act (hereinafter referred to as "grassland") in an agricultural partnership, by not later than December 31, 2018: Provided, That, where the relevant farmland or grassland is incorporated into a residential area, commercial area, or industrial area under the National Land Planning and Utilization Act (hereafter in this Article through Article 69, Article 69 - 2, and Article 70, referred to as "residential area, etc."); or where it is designated as land reserved for replotting into any category of land other than farmland or grassland, prior to a disposition for replotting under the Urban Development Act or any other statute, the farmer is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area,

etc.; or as at the date of designation of land reserved for replotting. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(5) Where a person granted an exemption of capital gains tax under paragraph (4), transfers his/her equity shares to any third person within three years from the date of investment, the person shall pay, as capital gains tax, an amount calculated by the formula prescribed by Presidential Decree, at the time of filing his/her tax return for the taxable year in which the date of such transfer falls: Provided, That this shall not apply in cases prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

(6) An amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, shall be additionally paid, where the capital gains tax exempted under paragraph (4) shall be paid pursuant to the main sentence of paragraph (5). <Amended by Act No. 12853, Dec. 23, 2014>

(7) A farmer prescribed by Presidential Decree is eligible for carried - forward taxation if the farmer makes an investment, in kind, in an agricultural partnership with real estate (excluding the farmland and grassland referred to in paragraph (4)), used directly for crop - growing business, breeding livestock, or forestry defined in subparagraph 1 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, by not later than December 31, 2018. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13372, Jun. 22, 2015; Act No. 13560, Dec. 15, 2015>

(8) Anyone who wishes to be accorded special tax treatment under paragraph (1), (2), (4), or (7), shall file an application therefor, as prescribed by Presidential Decree.

(9) Where a farmer allowed to carry forward capital gains tax under paragraph (7), disposes of at least 50/100 of the stocks or equity shares that he/she acquired by making an investment in kind within three years from the date of the investment, the farmer shall pay the amount of tax carried forward under paragraph (7) (referring to the amount less the amount of tax already paid by the relevant agricultural partnership), as capital gains tax, within two months from the end of the month in which such stocks or equity shares are disposed of, as prescribed by Presidential Decree. <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(10) Criteria for determining whether a farmer has disposed of at least 50/100 of his/her stocks or equity shares when the farmer pays the amount of tax carried forward under paragraph (7) pursuant to paragraph (9), and other necessary matters, shall be prescribed by Presidential Decree, and an amount equivalent to the interest calculated, as prescribed by Presidential Decree, shall be added thereto.

<Newly Inserted by Act No. 12173, Jan. 1, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 67 (Corporate Tax Exemption, etc. for Fishery Partnerships, etc.)(1) A fishery partnership incorporated under the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "fishery partnership"), is entitled to an exemption of corporate tax on the amount prescribed by Presidential Decree, out of its income for each business year by the taxable year ending on or before December 31, 2018. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Of the dividend income that a member of a fishery partnership receives from the fishery partnership by December 31, 2018, an amount prescribed by Presidential Decree shall be exempted from income tax.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(3) Notwithstanding Article 129 of the Income Tax Act, the rate of withholding tax on the dividend income paid by December 31, 2018, other than the amount exempt from income tax under paragraph (2), out of the total amount of dividend income paid by the fishery partnership to its members, shall be 5/100. Such dividend income shall not be added to the tax base of global income calculated under Article 14 (2) of the Income Tax Act.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(4) A fisherman prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with land, etc. for fisheries prescribed by Presidential Decree (hereafter in this Article, referred to as "land, etc. for fisheries") in a fishery partnership or fishery company incorporated under the Act on Fostering and Supporting Agricultural and Fisheries Business Entities, by December 31, 2018: Provided, That, where the relevant land, etc. for fisheries is incorporated into a residential area, etc.; where the relevant land, etc. for

fisheries is designated as land reserved for replotting into any category of land other than land, etc. for fisheries, prior to a disposition for replotting under the Urban Development Act or any other statute, the fisherman is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation of land reserved for replotting. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(5) Where a person granted an exemption from capital gains tax under paragraph (4), transfers his/her equity shares to any third person within three years from the date of investment, the person shall pay, as capital gains tax, an amount calculated by the formula prescribed by Presidential Decree, at the time of filing his/her tax return for the taxable year in which the equity shares are transferred: Provided, That this shall not apply in cases prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

(6) Article 66 (6) and (8) shall apply mutatis mutandis to filing an application for tax exemption or reduction under paragraphs (1), (2), and (4), and the payment of tax under the main sentence of paragraph (5). <Amended by Act No. 12853, Dec. 23, 2014>
[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 68 (Corporate Tax Exemption, etc. for Agricultural Companies)(1) An agricultural company incorporated under the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "agricultural company"), is entitled to an exemption of corporate tax on the total amount of income from food-crop growing business, and on the amount prescribed by Presidential Decree, out of the income accruing from crop growing business other than that accruing from food-crop growing business; and entitled to a reduction or exemption of corporate tax on the amount of income prescribed by Presidential Decree, other than the income accruing from crop growing business, applying mutatis mutandis Article 6 (1) of the Corporate Tax Act, by not later than the taxable year ending on or before December 31, 2018. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(2) A farmer prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with farmland or

grassland in an agricultural company (limited to agricultural companies that meet the requirements for agricultural corporations under the Farmland Act), by not later than December 31, 2018: Provided, That, where the relevant farmland or grassland is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland or grassland, prior to a disposition for replotting under the Urban Development Act or any other statute, the farmer is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation of land reserved for replotting.
<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(3) A farmer prescribed by Presidential Decree is eligible for carried - forward taxation if the farmer makes an investment, in kind, in an agricultural company with real estate (excluding the farmland and grassland referred to in paragraph (2)), used directly for crop growing business, breeding livestock, or forestry defined in subparagraph 1 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, by not later than December 31, 2018. Article 66 (9) and (10) shall apply mutatis mutandis to such cases.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13383, Jun. 22, 2015; Act No. 13560, Dec. 15, 2015>

(4) A resident who has invested in an agricultural company is entitled to an exemption of income tax on the full amount of dividends from income from food - crop growing business, of the dividend income he/she receives by not later than December 31, 2018, and need not add the dividends from income prescribed by Presidential Decree, out of the income other than that from food - crop growing business, to the tax base of global income calculated under Article 14 (2) of the Income Tax Act. In such cases, the amount of dividend income from income from food - crop growing business and the amount of dividend income earned from income prescribed by Presidential Decree out of the income other than that from food - crop growing business, shall be calculated, as prescribed by Presidential Decree.<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(5) Anyone who wishes to be accorded special tax treatment under paragraph (1), (3), or (4), shall file an application therefor, as prescribed by Presidential Decree.

(6) Article 66 (5), (6), and (8) shall apply mutatis mutandis to reducing or exempting capital gains tax under the main sentence of and proviso to paragraph (2).

<Newly Inserted by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 69 (Reduction or Exemption of Capital Gains Tax for Self - Cultivating Farmland)

(1) Where a resident prescribed by Presidential Decree who resides on farmland, transfers a parcel of land prescribed by Presidential Decree, by not later than December 31, 2018, of the parcels of land that the resident has directly cultivated for at least eight years ((or for at least three years where farmland eligible for the directly - paid subsidy for the transfer of management prescribed by Presidential Decree, is transferred to the Korea Rural Community Corporation incorporated under the Korea Rural Community Corporation and Farmland Management Fund Act or a corporation prescribed by Presidential Decree mainly engaging in agriculture (hereafter in this Article, referred to as "agricultural corporation")) by the method prescribed by Presidential Decree, the resident is entitled to a full exemption from the capital gains tax levied on income accruing from such transfer: Provided, That, where such parcel of land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) Where an agricultural corporation transfers land within three years from the date of acquisition of such land, or any of the grounds prescribed by Presidential Decree arises, the agricultural corporation shall pay, as corporate tax, the equivalent to the amount of tax exempted under paragraph (1), at the time of filing its tax return for the taxable year in which such ground arises.

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

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 69 - 2 (Reduction or Exemption of Capital Gains Tax on Site of Stables for

Livestock)(1) Where a resident prescribed by Presidential Decree who resides in an area prescribed by Presidential Decree (limited to 1,650 square meters per person) as a site of stables used for breeding livestock and the land appurtenant thereto (hereafter in this Article and Article 71, referred to as "site of stables for livestock"), used directly for breeding livestock for at least eight years by the method prescribed by Presidential Decree, transfers such site by not later than December 31, 2017 for business closure, the resident is entitled to a full exemption from capital gains tax levied on income accruing from such transfer: Provided, That, where the relevant land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than livestock, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) Where a resident granted an exemption from capital gains tax pursuant to paragraph (1), re - starts a livestock business within five years after transferring the site of stables for livestock, the amount of tax exempted shall be additionally levied: Provided, That this shall not apply in cases prescribed by Presidential Decree, such as inheritance.

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

(4) For the purposes of paragraphs (1) through (3), the holding period of a site of stables for livestock; the scope of business closure; the method for calculating the amount of tax to be reduced or exempted; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 10901, Jul. 25, 2011]

Article 70 (Reduction or Exemption of Capital Gains Tax for Substitute Land for

Farmland)(1) A resident prescribed by Presidential Decree who resides on farmland,

is entitled to a full exemption from capital gains tax levied on income accruing from exchanging the land the resident has directly cultivated by the method prescribed by Presidential Decree with the substitute farmland that meets the conditions prescribed by Presidential Decree as necessary for cultivation: Provided, That, where the relevant land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a reduction or exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) Paragraph (1) shall not apply where any land transferred or acquired pursuant to paragraph (1) is incorporated into a residential area, etc.; or where it is land prescribed by Presidential Decree, designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute. <Amended by Act No. 14390, Dec. 20, 2016>

(3) Anyone who intends to be granted a tax reduction or exemption pursuant to paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) A resident granted a reduction or exemption of capital gains tax under paragraph (1), fails to meet the conditions of paragraph (1) because any of the grounds prescribed by Presidential Decree arises, the resident shall pay the capital gains tax so reduced or exempted within two months from the end of the month in which the relevant event arises. <Newly Inserted by Act No. 12173, Jan. 1, 2014>

(5) Where capital gains tax reduced or exempted under paragraph (1), is paid under paragraph (4), the equivalent to the interest calculated as prescribed by Presidential Decree, shall be added thereto. <Newly Inserted by Act No. 12173, Jan. 1, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 70 - 2 (Special Taxation for Capital Gains Tax on Sale, etc. of Farmland to

Support Business Workout)(1) Where a farmer defined in Article 2 of the Farmland

Act (hereafter in this Article, referred to as “ farmer ”), has transferred farmland cultivated by him/herself and appurtenant agricultural facilities under Article 24 - 3 (1) of the Korea Rural Community Corporation and Farmland Management Fund Act (hereafter in this Article, referred to as "farmland, etc.") to the Korea Rural Community Corporation incorporated under Article 3 of the same Act (hereafter in this Article, referred to as the “ Korea Rural Community Corporation”), cultivates it directly under a lease contract, and repurchases the relevant farmland, etc. within the lease period provided for in Article 24 - 3 (3) of the same Act, the farmer can receive a refund of the capital gains tax that he/she has paid for the income accruing from the transfer of such farmland, etc.

(2) Where a farmer in receipt of a refund of capital gains tax under paragraph (1), re - transfers the farmland, etc. that he/she repurchased, the amount of capital gains tax on the farmland, etc. shall be calculated by applying the following acquisition value and the time of acquisition, notwithstanding Articles 95 (4), 97 (1) 1, 98, and 104 (2) of the Income Tax Act:<Amended by Act No. 14390, Dec. 20, 2016>

1. Acquisition value: The acquisition value of the relevant farmland, etc. as at the time the farmer acquires it before transferring it to the Korea Rural Community Corporation;

2. Time of acquisition: The date of acquisition of the relevant farmland, etc. before transferring it to the Korea Rural Community Corporation.

(3) A person who intends to receive a refund under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) and (2), where re - transferring the farmland, etc. repurchased, methods for granting a reduction or exemption of capital gains tax for self - cultivating farmland provided for in Article 69, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 71 (Reduction or Exemption of Gift Tax for Farmland, etc. Gifted to Farming

Offspring)(1) Where a resident prescribed by Presidential Decree (hereafter in this Article, referred to as "self - cultivating farmer") who resides on farmland, grassland, in forest, or on a site for stables of livestock, which fully meets the following requirements (including equity shares acquired in return for the farmland, grassland,

forest, or site for stables of livestock invested in kind in an agricultural partnership; hereafter in this Article, referred to as "farmland, etc.") and engages in cultivating the farmland, etc. (including breeding livestock and forest management; hereafter in this Article, the same shall apply), conveys the farmland, etc. as a gift, to his/her lineal descendants prescribed by Presidential Decree (hereafter in this Article, referred to as "farming offspring") by not later than December 31, 2017, such conveyance of farmland, etc. as a gift is fully exempted from gift tax on the value of the farmland, etc.: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10764, May 30, 2011; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Any of the following farmland, etc.:

- (a) Farmland: Any land defined under subparagraph 1 (a) of Article 2 of the Farmland Act, which shall not exceed 40,000 square meters;
- (b) Grassland: Any grassland developed with a permit to develop grassland under Article 5 of the Grassland Act, which shall not exceed 148,500 square meters;
- (c) Forest land: Any forest land not exceeding 297,000 square meters (including seed - gathering forests and forest protection zones under Article 7 of the Forest Protection Act; hereafter in this item, the same shall apply), which has been newly afforested for at least five years in accordance with a forest management plan approved under the Creation and Management of Forest Resources Act or as a special forest project zone designated under the same Act, as part of a preserved mountainous district under Article 4 (1) 1 of the Mountainous Districts Management Act: Provided, That, in cases of forest land afforested for at least 20 years, its area shall be extended up to 990,000 square meters, including forest land not exceeding 297,000 square meters, which has been afforested for at least five years;
- (d) A site for stables of livestock: A site for stables of livestock and the land appurtenant thereto, and the building area of the stables of livestock shall not exceed the area divided by the building - to - land ratio set under Article 55 of the Building Act;

2. Farmland, etc. located outside of a residential area, commercial area, and industrial area designated under Article 36 of the National Land Planning and Utilization Act;

3. Farmland, etc. located outside of a housing site development zone designated under the Housing Site Development Promotion Act or other development project zones prescribed by Presidential Decree.

(2) Where farmland, etc. exempted from gift tax pursuant to paragraph (1), is transferred within five years from the date of conveyance, as a gift, without just grounds prescribed by Presidential Decree, such as the death of farming offspring, or the farming offspring discontinues to directly cultivate the farmland, etc. without just grounds prescribed by Presidential Decree, such as having a disease or attending school, the equivalent to the amount of gift tax exempted on such farmland, etc., shall be immediately levied.

(3) Where capital gains tax is levied upon transferring farmland, etc. exempted from gift tax pursuant to paragraph (1), the time of acquisition shall be deemed the date a self - cultivating farmer acquires the farmland, etc.; and the expenses incurred shall be deemed the expenses incurred by the self - cultivating farmer as at the time of acquisition of such farmland, etc., notwithstanding the Income Tax Act.

(4) Article 66 (6) shall apply mutatis mutandis where the amount of tax exempted under paragraph (1) is collected pursuant to paragraph (2).

(5) For the purposes of Article 3 - 2 (1) of the Inheritance Tax and Gift Tax Act, the farmland, etc. exempt from gift tax pursuant to paragraph (1), shall neither be deemed the donated property that is added to the inherited property, nor be included in the value of the donated property that is added to the taxable value of the inheritance tax pursuant to Article 13 (1) of the aforesaid Act. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 13560, Dec. 15, 2015>

(6) No farmland, etc. exempted from gift tax pursuant to paragraph (1), may be included in the value of the property donated by a self - cultivating farmer (including his/her spouse) and added within ten years before the date of such donation pursuant to Article 47 (2) of the Inheritance Tax and Gift Tax Act.

(7) A farming offspring who intends to be granted a reduction or exemption of gift tax pursuant to paragraph (1), shall file an application therefor by the deadline for filing the tax return of gift tax, as prescribed by Presidential Decree.

(8) For the purposes of paragraphs (1) through (7), methods for calculating the holding period of the farmland, etc. exempted from gift tax, and the value of acquisition, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 8 Special Taxation for Support of Public Service Projects

Article 72 (Special Taxation concerning Corporate Tax on Incorporated Associations, etc.)(1) Notwithstanding Articles 13 and 55 of the Corporate Tax Act, the corporate tax on the income of any of the following corporations for the business years that end as at December 31, 2017, shall be levied (hereafter in this Article, referred to as "taxation on the profit for the year") at the tax rate of 9/100 (or 12/100 of the excess, if the relevant amount exceeds two billion won (or four billion won, for the business year in which the incorporation of a new cooperative as a consequence of a merger or a cooperative surviving a merger is registered and the immediately following business year thereafter, where cooperatives are merged as at December 31, 2016)) to the aggregate of the amount calculated by adding the amount of donations (limited to donations related to its profit - making business), which has not been added to deductible expenses under Article 24 of the Corporate Tax Act, and of the amount calculated by applying the provisions concerning the calculation of the amount of non - deductible expenses prescribed by Presidential Decree, such as entertainment expenses (limited to expenses related to its profit - making business), which have not been added to deductible expenses under Article 25 of the aforesaid Act, to the profit for the year on the final financial statements of the relevant corporation (referring to the profit for the year before deduction of corporate tax, etc.): Provided, That, if the relevant corporation waives its entitlement to taxation on the profit for the year, as prescribed by Presidential Decree, no taxation on the profit for the year shall apply to the subsequent business years: <Amended by Act No. 6045, Dec. 28, 1999; Act No. 6273, Oct. 21, 2000; Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 7003, Dec. 30, 2003; Act No. 7311, Dec. 31, 2004; Act No. 7839, Dec. 31, 2005; Act No. 8146, Dec. 30, 2006; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. A credit union incorporated under the Credit Unions Act, and a community credit cooperative incorporated under the Community Credit Cooperatives Act;

2. A cooperative and a cooperative joint business corporation incorporated pursuant to the Agricultural Cooperatives Act;
3. Deleted;<by Act No. 6045, Dec. 28, 1999>
4. A fisheries cooperative (including a fishery village cooperative) and a cooperative joint business corporation incorporated under the Fisheries Cooperatives Act;
5. A cooperative, a business cooperative, and the National Federation of Cooperatives incorporated under the Small and Medium Enterprise Cooperatives Act;
6. A forestry cooperative (including a forestry village cooperative) and a cooperative joint business corporation incorporated under the Forestry Cooperatives Act;
7. A tobacco producers ' cooperative incorporated under the Tobacco Producers Cooperatives Act;
8. A consumer cooperative incorporated under the Consumer Cooperatives Act.
(2) Articles 5, 5 - 2, 6, 7, 7 - 2, 7 - 4, 8, 8 - 2, 8 - 3, 9, 10, 10 - 2, 11, 12, 12 - 2 through 12 - 4, 13, 14, 22, 24, 25, 25 - 2 through 25 - 6, 26, 28, 29 - 2 through 29 - 4, 30 - 2, 30 - 4, 31 (4) through (6), 32 (4), 33, 33 - 2, 63, 63 - 2, 63 - 3, 64, 66 through 68, 94, 102, 104 - 14, and 104 - 15, shall not apply to incorporated unions and cooperatives specified in paragraph (1) (excluding any union and cooperative that waives its entitlement to taxation on the profit for the year under the proviso to paragraph (1)).
<Amended by Act No. 8827, Dec. 31, 2007; Act No. 9671, May 21, 2009; Act No. 10068, Mar. 12, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>
(3) Deleted.<by Act No. 11614, Jan. 1, 2013>
(4) For the purposes of paragraph (1), where the cooperative referred to in paragraph (1) 4 or the forestry cooperative referred to in paragraph (1) 6 accepted support funds (referring to the support provided in such a manner that it repays funds after depositing such funds loaned free of interest from the Mutual Financing Depositors Protection Fund under the Act on the Structural Improvement of Fisheries Cooperatives or the Act on the Structural Improvement of Forestry Cooperatives, in the National Federation of Fisheries Cooperatives or the National Forestry Cooperatives Federation upon receiving interest periodically) to improve its financial structure, by not later than December 31, 2010, pursuant to Article 7 (1) 3 of the Act on Structural Improvement of Fisheries Cooperatives and Article 7 (1) 3 of the Act on Structural Improvement of Forestry Cooperatives; and keeps separate

accounting for such funds, as prescribed by Ordinance of the Ministry of Strategy and Finance, the interest that accrues from the deposit of such funds need not be deemed the income when calculating its profit for the year. In such cases, when such cooperative paid the interest and has accounted it as expenses (when disbursed to acquire assets, referring to accounting as the depreciation cost or the book value at the time of disposal), the amount of such interest shall not be deemed expenses.

[<Amended by Act No. 9921, Jan. 1, 2010>](#)

(5) For the purposes of paragraph (1), where an underwriting union or underwriting community credit cooperative referred to in Article 86 - 4 (2) of the Credit Unions Act or Article 80 - 2 (2) of the Community Credit Cooperatives Act (hereafter in this Article, referred to as "underwriting union, etc.") among the credit unions and community credit cooperatives provided for in paragraph (1) 1 accepts support funds (referring to the support provided in such a manner that the funds are loaned free of interest from the Depositor Protection Fund or the Depositor Protection Reserve, deposited in the National Credit Union Federation of Korea or the Korean Federation of Community Credit Cooperatives, and redeemed upon receiving interest periodically) to transfer a contract pursuant to Article 86 - 4 (3) of the Credit Unions Act or Article 80 - 2 (3) of the Community Credit Cooperatives Act by not later than December 31, 2015 and keeps separate accounting for such funds, as prescribed by Ordinance of the Ministry of Strategy and Finance, the interest that accrues from the deposit of such funds need not be deemed income when computing the profit for the year. In such cases, where such underwriting union, etc. pays the interest and accounts it as expenses (when disbursed to acquire assets, referring to accounting as the depreciation cost or the book value at the time of disposal), such amount of interest shall not be deemed expenses. [<Newly Inserted by Act No. 11614, Jan. 1, 2013>](#)

(6) Calculation of the amounts of donations and entertainment expenses of incorporated unions and cooperatives under paragraph (1), which have not added to deductible expenses, and other necessary matters, shall be prescribed by Presidential Decree. [<Amended by Act No. 9921, Jan. 1, 2010>](#)

Article 72 - 2 Deleted. [<by Act No. 8146, Dec. 30, 2006>](#)

Article 73 Deleted. [<by Act No. 10406, Dec. 27, 2010>](#)

Article 74 (Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)(1) Notwithstanding Article 29 (1) 4 of the Corporate Tax Act, any of the following corporations may include the income accruing from its profit-making business (limited to the relevant business and profit-making business conducted for users of the relevant institutions and facilities therein, in cases falling under subparagraph 4 or 5 of this paragraph) in deductible expenses as reserves for its proper purpose business by the business years that end as at December 31, 2019 (or December 31, 2015, in cases falling under subparagraph 7 (f); or December 31, 2017, in cases falling under subparagraph 9) for the purposes of Article 29 of the Corporate Tax Act: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10907, Jul. 25, 2011; Act No. 11133, Dec. 31, 2011; Act No. 11241, Jan. 26, 2012; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14198, May 29, 2016; Act No. 14390, Dec. 20, 2016>

1. Any of the following educational foundations:

- (a) Educational foundations established under the Private School Act;
- (b) Industry - academy cooperation foundations established under the Industrial Education Enhancement and Industry - Academia - Research Cooperation Promotion Act;
- (c) Non-profit corporations established under Article 32 of the Civil Act, which operate lifelong educational facilities in the form of cyber - university under the Lifelong Education Act;
- (d) Seoul National University and its Development Fund established under the Act on Establishing and Administrating Seoul National University;
- (e) Deleted; <by Act No. 13560, Dec. 15, 2015>
- (f) Incheon National University and its Development Fund established under the Act on Establishing and Administrating Incheon National University;

2. Social welfare foundations established under the Social Welfare Services Act;

3. Any of the following corporations:

- (a) National university - affiliated hospitals established under the Act on the Establishment of National University - Affiliated Hospitals and national university - affiliated dental hospitals established under the Act on the Establishment of National University - Affiliated Dental Hospitals;

- (b) The Seoul National University Hospital established under the Establishment of Seoul National University Hospital Act;
 - (c) The Seoul National University Dental Hospital established under the Establishment of Seoul National University Dental Hospital Act;
 - (d) The National Cancer Center established under the National Cancer Center Act;
 - (e) Local medical centers established under the Act on the Establishment and Management of Local Medical Centers;
 - (f) Hospitals operated by the Korean National Red Cross under the Organization of the Republic of Korea National Red Cross Act;
 - (g) The National Medical Center established under the Act on Establishing and Administrating the National Medical Center;
4. Foundations operating libraries registered under the Libraries Act;
 5. Foundations operating museums or art galleries registered under the Museum and Art Gallery Support Act;
 6. Foundations prescribed by Presidential Decree as cultural and arts organizations permitted or authorized by the Government;
 7. Any of the following organizing committees for international events;
 - (a) Organizing committees deemed necessary and publicly notified by the Minister of Strategy and Finance to efficiently prepare and manage international athletic games among the organizing committees established pursuant to the International Athletic Games Support Act;
 - (b) The Organizing Committee for the 17th 2014 Incheon Asian Games (hereinafter referred to as "Organizing Committee for the 17th 2014 Incheon Asian Games"), the Organizing Committee for the 2014 Incheon Asian Para Games (hereinafter referred as "Organizing Committee for the 2014 Incheon Asian Para Games"), and the Organizing Committee for the 2015 Gwangju Summer Universiade (hereinafter referred to as "Organizing Committee for the 2015 Gwangju Summer Universiade") established under 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;
 - (c) The Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games established under the Special Act on Support for the 2018

PyeongChang Olympic and Paralympic Winter Games (hereinafter referred to as "Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games");

(d) Deleted; <by Act No. 12853, Dec. 23, 2014>

(e) The Organizing Committee for the 2010 Formula 1 Korean Grand Prix established under the Act on Assistance to the 2010 Formula 1 Korean Grand Prix (hereinafter referred to as "Organizing Committee for the 2010 Formula 1 Korean Grand Prix");

(f) The Organizing Committee for the 2015 Gyeongbuk Mungyeong Military World Games established under the Act on Assistance to the 2015 Military World Games Korea (hereinafter referred to as "Organizing Committee for the 2015 Gyeongbuk Mungyeong Military World Games");

8. A corporation incorporated under the Act on the Establishment and Operation of Public Interest Corporations, which has disbursed at least 80/100 of the expenditure for its proper purpose business or designated contributions for the relevant taxable year as scholarship;

9. Any of the following corporations:

(a) The Government Employees Pension Service established under the Public Officials Pension Act;

(b) The Korea Teachers Pension established under the Pension for Private School Teachers and Staff Act.

(2) For the purposes of Article 29 of the Corporate Tax Act, any of the following corporations may include an amount prescribed by Presidential Decree, out of the income accruing from its profit - making business, in its deductible expenses as reserves for its proper purpose business by the business years that end as at December 31, 2011:

1. The National Agricultural Cooperative Federation incorporated under the Agricultural Cooperatives Act;

2. The National Federation of Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act;

3. The National Forestry Cooperatives Federation incorporated under the Forestry Cooperatives Act.

(3) Where a non-profit corporation prescribed by Presidential Decree among the corporations that manage and operate the Funds established under Acts listed in attached Table 2 to the National Finance Act, has any income accruing from the transfer of the stocks of any listed-stock corporation under the Financial Investment Services and Capital Markets Act, which was acquired through payments of the relevant Funds, for the business years that end as at December 31, 2009, the non-profit corporation may include the full amount of such income in its deductible expenses as reserves for its proper purpose business, notwithstanding Article 29 (1) 4 of the Corporate Tax Act.

(4) For the purposes of Article 29 of the Corporate Tax Act, a non-profit domestic corporation (excluding any non-profit domestic corporation subject to paragraph (1)) that provides medical services by establishing a medical institution defined in Article 3 (2) 1 or 3 of the Medical Service Act, in any area prescribed by Presidential Decree, other than the over-concentration control region of the Seoul Metropolitan area and Metropolitan cities, taking account of its population, etc., may include the income accruing from its profit-making business in deductible expenses as reserves for its proper purpose business by the business years that end as at December 31, 2019. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 75 (Donation Incentives)(1) A resident eligible for a tax credit for a donation under Article 59 - 4 (4) of the Income Tax Act (hereafter in this Article, referred to as "donor"), may file an application for a donation incentive by which the equivalent to the tax credit for the donation (hereafter in this Article, referred to as "donation incentive"), may be paid to the person who has received the donation in substitution for the donor's tax credit for the donation. <Amended by Act No. 14390, Dec. 20, 2016 >

(2) The Minister of Strategy and Finance may designate an entity recognized and recommended by the Commissioner of the National Tax Service, that meets the requirements prescribed by Presidential Decree, in terms of the performance of duties to cooperate in tax payment, including the duty to prepare and keep statements of issuance of donation receipts under Article 160 - 3 of the Income Tax

Act or Article 112 - 2 of the Corporate Tax Act (hereafter in this Article, referred to as "donation receipts"), and transparency in accounting, as an organization eligible for donation incentives, among those entities obliged to issue such donation receipts.

(3) An organization eligible for donation incentives designated under paragraph (2) (hereafter in this Article, referred to as "organization eligible for donation incentives"), shall ascertain whether a donor has applied for a donation incentive when it issues a donation receipt to the donor. It shall submit a statement of applications for donation incentives in the form prescribed by Ordinance of the Ministry of Strategy and Finance, when submitting a statement of issuance of donation receipts pursuant to Article 160 - 3 (3) of the Income Tax Act or Article 112 - 2 (3) of the Corporate Tax Act.

(4) Upon receipt of a statement of applications for donation incentives from an organization eligible for donation incentives under paragraph (3), the head of the tax office having jurisdiction over the place of tax payment shall determine the donation incentives by subtracting the amount of subparagraph 2 from the amount of subparagraph 1. In such cases, the head of the tax office having jurisdiction over the place of tax payment shall determine the donation incentives within four months after the deadline for submitting a statement of applications for donation incentives under paragraph (3): <Amended by Act No. 14390, Dec. 20, 2016>

1. The assessed amount of global income tax of the donor who applies for a donation incentive for the relevant taxable period;
2. The assessed amount of global income tax calculated, deeming that the donor has applied for the tax credit for a donation under Article 59 - 4 (4) of the Income Tax Act regarding the donation for which the donor applies for the donation incentive. In such cases, the maximum designated donation calculated under Article 59 - 4 (4) 2 of the Income Tax Act, shall not apply to the donation for which a donation incentive is applied for, in calculating the tax credit for the donation under Article 59 - 4 (4) of the Income Tax Act.

(5) The head of the tax office having jurisdiction over the place of tax payment shall apply mutatis mutandis Article 51 of the Framework Act on National Taxes to an organization eligible for donation incentives, when he/she pays a donation incentive determined under paragraph (4) to the organization eligible for donation incentives. In such cases, "national tax refund" shall be construed as "donation incentive," and

"refund" as "payment."

(6) If the head of the tax office having jurisdiction over the place of tax payment finds any omission or error in a determination on the amount of a donation incentive under paragraph (4), he/she shall correct the amount of the donation incentive.

(7) If it is found that a statement prepared by an organization eligible for donation incentives regarding an application for a donation incentive is untrue and the donation incentive is reduced by the correction made under paragraph (6), the head of the tax office having jurisdiction over the place of tax payment shall collect the aggregate of the following amounts in addition to the overpaid donation incentive (hereafter in this Article, referred to as "overpaid amount"):

1. The equivalent to 3/100 of the overpaid amount;
2. Overpaid amount × Period from the day immediately following the date of refund of the donation incentive, until the date of voluntary payment or the date of tax payment notice × Interest rate prescribed by Presidential Decree, based upon the interest rates, etc. applied by financial institutions to past due loans.

(8) The Minister of Strategy and Finance may revoke the designation of an organization eligible for donation incentives, as prescribed by Presidential Decree, if the organization falls under any of the following:

1. If a statement prepared by the organization eligible for donation incentives is untrue;
2. If a list stating the organization eligible for donation incentives as a dishonest donee organization is published under Article 85 - 5 of the Framework Act on National Taxes;
3. If the organization eligible for donation incentives is dissolved;
4. If the organization eligible for donation incentives violates any statute or engages in any unauthorized business, or if any of the grounds prescribed by Presidential Decree arises.

(9) If designation as an organization eligible for donation incentives is revoked under paragraph (8) 1, 2, or 4, it is disqualified from re - designation as an organization eligible for donation incentives for five years from the taxable year in which the designation is revoked.

(10) Where a donor applies for both the tax credit for a donation under Article 59 - 4 (4) of the Income Tax Act and the donation incentive, the donor shall be deemed to

have applied for the tax credit for the donation for the purposes of Article 59 - 4 (4) of the Income Tax Act: Provided, That, if a donor who has applied for a donation incentive applies for the tax credit for a donation after the deadline for submitting a statement of applications for donation incentives under paragraph (3), the donor shall be deemed to have applied for a donation incentive for the purposes of paragraphs (1) through (9). <Newly Inserted by Act No. 14390, Dec. 20, 2016>

(11) Except as otherwise expressly provided for in paragraphs (1) through (10), procedures for applying for donation incentives; methods for distribution; methods for refunding donation incentives; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 76 (Special Cases, etc. of Including Political Funds in Deductible Expenses)(1)

Where a resident donates political funds to a political party (including its supporters' association under the Political Funds Act and the election commissions under the same Act), an amount equivalent to 100/110 of the donated funds of up to 100 thousand won, and an amount equivalent to 15/100 of the amount exceeding 100 thousand won (if the such amount exceeds 30 million won, an amount equivalent to 25/100 of the amount exceeding 30 million won) shall be deducted respectively from his/her income tax on the global income for the relevant taxable year wherein it has been disbursed: Provided, That where a resident business operator donates political funds, the amount exceeding 100 thousand won shall be added to his/her deductible expenses within the limits of the income amount less the carried - over deficits.

<Amended by Act No. 12173, Jan. 1, 2014>

(2) No inheritance tax or gift tax shall be imposed on the political funds donated under paragraph (1).

(3) The inheritance tax or gift tax shall be levied on a person to whom any political fund, other than the political funds referred to in paragraph (1) is donated, by deeming that the person has succeeded to or been given such political fund, notwithstanding subparagraph 4 of Article 12 and subparagraph 3 of Article 46 of the Inheritance Tax and Gift Tax Act and other tax - related Acts.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 77 (Reduction or Exemption of Capital Gains Tax for Land, etc. for Public Works

Projects)(1) Capital gains tax on any of the following incomes accruing from the transfer of land, etc. as at December 31, 2018, acquired at least two years, retrospectively, before the date the project approval is publicly notified for the area for a public project in which the land, etc. is located (or the date of transfer, if the land, etc. is transferred before the date the project approval is publicly notified), shall be reduced by an amount of tax equivalent to 10/100 of the capital gains tax (the tax reduction rate for the portion paid by the bonds prescribed by Presidential Decree, out of the sales price of the land, etc., shall be 15/100, but the rate shall be 30/100, if the income accrues from the sale under a negotiated agreement or as a consequence of expropriation under the Special Act on Public Housing and other Acts prescribed by Presidential Decree and if a special agreement is made to hold such bonds until maturity for at least three years in the manner prescribed by Presidential Decree (or the rate shall be 40/100, if maturity of such bonds exceeds five years): <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12251, Jan. 14, 2014; Act No. 13498, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015>

1. Income accruing from the transfer of land, etc. necessary for a public project subject to the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects, to the implementer of the public project;
2. Income accruing from the transfer of land, etc. located in a rearrangement zone designated under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (excluding any rearrangement zone not requiring rearrangement infrastructure), to the relevant project implementer designated under the same Act;
3. Income accruing as a consequence of expropriation of land, etc. under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects and other statutes.

(2) Where a resident transfers land, etc. he/she owns for at least two years (referring to land, etc. necessary for the public project referred to in paragraph (1) 1 or land, etc. within the rearrangement zones referred to in paragraph (1) 2; hereafter in this paragraph, the same shall apply), to the implementer of the public project referred to in paragraph (1) 1 or the project implementer referred to in paragraph

(1) 2 (hereafter in this Article, referred to as "project implementer"), before such implementer is designated as a project implementer (hereafter in this paragraph, referred to as "project implementer before designation") as at December 2015, and files his/her tax return (including a preliminary return) of the taxable period in which the relevant land, etc. is transferred, by the statutory filing deadline; and where the project implementer before designation, is designated as the project implementer within five years from the date the land, etc. is transferred, the resident is entitled to a reduction of capital gains tax under paragraph (1), as prescribed by Presidential Decree. In such cases, capital gains tax to be reduced shall be calculated pursuant to the Act in force as at the time of transfer, although the reduction rate, etc. is changed. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013>

(3) Where any of the following events arises, the relevant project implementer shall pay the equivalent to the amount of tax reduced or exempted under paragraph (1) or (2), as income tax or corporate tax, when filing his/her tax return for the taxable year in which such event arises: <Amended by Act No. 10406, Dec. 27, 2010>

1. Where the implementer of a public project referred to in paragraph (1) 1, fails to commence the public project within three years from the date he/she obtains authorization, etc. to implement such project;
2. Where the project implementer referred to in paragraph (1) 2, fails to obtain authorization to implement a rearrangement project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, or to complete such project within the time limit prescribed by Presidential Decree.

(4) Where a person granted a reduction by an amount of tax equivalent to 30/100 (or 40/100 in cases of bonds with maturity of at least five years) of capital gains tax under a special agreement entered into to hold the relevant bonds until maturity under paragraph (1), breaches the special agreement, the equivalent to 10/100 (or 20/100 in cases of bonds with maturity of at least five years) of capital gains tax out of the amount of tax reduced shall be levied immediately. <Amended by Act No. 12173, Jan. 1, 2014>

(5) The provisions concerning an additional amount equivalent to interest under Article 33 - 2 (4) shall apply mutatis mutandis where the amount of tax reduced under paragraph (1) 1 or 2 or (2) is paid under paragraph (3); and Article 66 (6)

shall apply mutatis mutandis where the amount of tax reduced under paragraph (1) is levied under paragraph (4). <Amended by Act No. 10406, Dec. 27, 2010>

(6) Any project implementer that intends to be granted a tax reduction as prescribed in paragraph (1) 1 or 2, shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

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

(8) For the purposes of paragraphs (1) and (4), the terms and conditions of the special agreement to hold related bonds until maturity; methods for giving notice to the National Tax Service of a breach of such special agreement; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

(9) For the purposes of paragraphs (1) and (2), any parcel of land, etc. inherited or donated subject to Article 97 - 2 (1) of the Income Tax Act, shall be deemed acquired on the date such parcel of land, etc. is acquired by an inheritee or donor.

<Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 77 - 2 (Special Taxation for Capital Gains Tax on Compensation by Substitute

Land)(1) Where a resident who transferred a parcel of land that was acquired at least two years, counting retroactively, before the date of public announcement of project approval under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects (the date of transfer, if the transfer was made before the date of public announcement of project approval), to the implementer of the relevant public project, by not later than December 31, 2018, due to the implementation of the public project, and to whom another parcel of land developed through the execution of such public project is conveyed, as part of the transfer price of the land (hereafter referred to as "compensation by substitute land" in this Article) under the proviso to Article 63 (1) of the same Act, the resident is entitled to reduction of capital gains tax on the gains from such transfer by an amount equivalent to 15/100 of the capital gains tax, or entitled to deferment of the taxation of capital gains tax, as prescribed by Presidential Decree. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

(2) Paragraph (1) shall apply only where the implement of the relevant public project notifies the National Tax Service of the details of the compensation by substitute land in the manner prescribed by Presidential Decree.

(3) Any resident granted a reduction of capital gains tax or tax deferral under paragraph (1) shall pay the amount of the capital gains tax reduced or deferred and the interest added thereto, as prescribed by Presidential Decree, in either of the following cases: <Amended by Act No. 12853, Dec. 23, 2014>

1. If the compensation agreed to be paid by substitute land is paid in cash or any other cause prescribed by Presidential Decree occurs;
2. If the ownership transfer registration of the land acquired through the compensation by substitute land does not show that the cause of the registration is the substitution of land.

(4) Any person seeking to obtain a tax reduction or tax deferral under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

(5) For the purposes of paragraphs (1) through (3), the requirements and methods for compensation by substitute land, the grounds and methods for the payment of the amount of tax reduced or deferred, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 77 - 3 (Capital Gains Tax Reduction or Exemption for Land, etc. subject to Purchase Following Designation of Development Restriction Zones)(1) The following amounts of tax shall be reduced from any income accrued from the transfer of a parcel of land, etc. in a development restriction zone designated under Article 3 of the Act on Special Measures for Designation and Management of Development Restriction Zones (hereafter referred to as "development restriction zone" in this Article) through claim for purchase of land under Article 17 of the same Act or purchase through consultation under Article 20 of the same Act, by not later than December 31, 2017: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the date of the claim for purchase or the

date of purchase through consultation after he/she acquired such land, etc. prior to the date of designation of the development restriction zone: An amount of tax equivalent to 40/100 of the capital gains tax;

2. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the date of the claim for purchase or the date of purchase through consultation after he/she acquired such land, etc. 20 years prior to the date of the claim for purchase or the date of purchase through consultation: An amount of tax equivalent to 25/100 of the capital gains tax.

(2) The following amounts of tax shall be reduced from any income accrued from the transfer of a parcel of land, etc., released from a development restriction zone, through purchase by consultation or expropriation under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects and other Acts, by not later than December 31, 2017: Provided, That this shall be limited to where approval of the relevant project is publicly announced under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects and other Acts within one year (five years when the relevant area is designated as an area prescribed by Presidential Decree, such as a free economic zone under the Act on Designation and Management of Free Economic Zones, prior to the cancellation of designation of a development restriction zone) from the date of cancellation of the designation of a development restriction zone: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the public announcement date of project approval after he/she has acquired such land, etc. prior to the date of designation of the development restriction zone: An amount of tax equivalent to 40/100 of the capital gains tax;

2. Land, etc. owned by a resident prescribed by Presidential Decree residing on the relevant land, etc. from the date of acquisition to the public announcement date of project approval after he/she has acquired such land, etc. 20 years before the public announcement date of project approval: An amount of tax equivalent to 25/100 of the capital gains tax.

(3) For the purposes of paragraphs (1) and (2), inherited land, etc. shall be deemed acquired on the date of acquisition of the land, etc. by the inheritee.

(4) For the purposes of paragraphs (1) and (2), filing applications for reduction or exemption, calculation of the period of residence, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 78 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 79 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 80 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 81 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 81 - 2 Deleted. <by Act No. 8146, Dec. 30, 2006 >

Article 82 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 83 (Special Taxation for Capital Gains Tax for Relocating Museums, etc.) (1)

Where a resident transfers the building of a museum, etc. and appurtenant land (hereafter in this Article, referred to as "existing establishment") to relocate any of the following establishments (hereafter in this Article, referred to as "museum, etc. ") that the resident has operated for at least three years, by not later than December 31, 2019, the resident may pay capital gains tax on the equivalent to proceeds from transferring the existing establishment, calculated as prescribed by Presidential Decree, in not less than equal installments for three years from the third anniversary from the deadline for filing the final return on the tax base of capital gains tax for the relevant year in which such establishment is transferred:

1. A nongovernmental public library registered pursuant to Article 31 of the Libraries Act;
2. A private museum or a private art gallery registered pursuant to Article 16 of the Museum and Art Gallery Support Act;
3. A private science museum registered pursuant to Article 6 of the Act on Establishment, Operation and Promotion of Science Museums.

(2) If a person subject to paragraph (1) fails to relocate the relevant museum, etc. as prescribed by Presidential Decree, or disposes of the relevant building and appurtenant land or closes the relevant museum, etc. within three years from the

date of opening the museum, etc. after relocation, the person shall pay the amount calculated as prescribed by Presidential Decree as capital gains tax: Provided, That the foregoing shall not apply in extenuating circumstances prescribed by Presidential Decree.

(3) The latter part of Article 33 (3) shall apply mutatis mutandis to the amount of tax payable under the main sentence of paragraph (2).

(4) For the purposes of paragraph (1) or (2), submitting an application for payment in installments, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

Article 84 Deleted. <by Act No. 8146, Dec. 30, 2006>

Article 85 Deleted. <by Act No. 8146, Dec. 30, 2006>

Article 85 - 2 (Special Taxation for Relocating Factories in Areas Subject to Development Plans of Administrative City and Innovation Cities to Rural Areas)

(1) Where a national operating a business with his/her factory facilities established within the area predetermined for the Administrative City under the Special Act on the Construction of Administrative City in Yeongi - Gongju Area for Follow - up Measures for New Administrative Capital or an area predetermined for an innovation city under the Special Act on the Construction and Support of Innovation Cities Following Relocation of Public Agencies (hereafter in this Article, referred to as "administrative city, etc."), transfers the site and buildings of such factory to any of the project implementers designated under such Acts, no later than December 31, 2012, in order to relocate such factory to an area outside the administrative city, etc. prescribed by Presidential Decree (hereafter in this Article, referred to as "rural area"), the national may choose not to include the equivalent to proceeds from such transfer in his/her gross income, or is entitled to tax deferral, as follows:

1. Domestic corporations: Not to include the amount calculated as prescribed by Presidential Decree in the gross income, when calculating the amount of income of the relevant business year. In such cases, the amount shall be included in the gross income in at least equal installments for the five business years from the business year falling on the fifth anniversary from the end of the business year in which the

date of transfer falls;

2. Residents: To obtain tax deferral as prescribed by Presidential Decree.

(2) Where a national subject to paragraph (1) fails to relocate his/her factory to a rural area, or discontinues or closes his/her business within three years from the date the factory is transferred, as prescribed by Presidential Decree, the national shall include the amount calculated as prescribed by Presidential Decree, in his/her gross income, when calculating his/her income for the business year in which the relevant ground arises, or shall pay the amount of tax deferred as capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or paid as capital gains tax.

(3) Where a national operating a business with factory facilities established in the administrative city, etc., relocates to a rural area and starts a business there, the national is entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for income accruing from the relocated business for the taxable year in which the first income accrues after the date of relocation (or the taxable year falling on the fifth anniversary from the date of relocation, where no income accrues from the relevant business until the taxable year falling on such fifth anniversary), and also within the three subsequent taxable years from the date the following taxable year commences.

(4) In any of the following cases, a resident (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph) granted deferred taxation under paragraph (1) 2, shall pay the amount of tax deferred, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: <Newly Inserted by Act No. 14390, Dec. 20, 2016>

1. Where the resident donates the factory acquired after relocating to a rural area (hereafter in this Article, referred to as "factory in a rural area"): Within three months from the end of the month in which the factory is donated;

2. Where such factory in the rural area is inherited upon the death of the resident: Within six months from the end of the month in which inheritance commences.

(5) For the purposes of (1), (2), or (4), submitting a statement of proceeds from transfer, and other necessary matters, shall be prescribed by Presidential Decree.

<Amended by Act No. 14390, Dec. 20, 2016>

(6) Any national who intends to be granted a tax reduction pursuant to paragraph (3), shall submit an application therefor in the form prescribed by Ordinance of the Ministry of Strategy and Finance along with his/her tax return of the relevant taxable year.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 3 (Special Taxation for Corporate Tax on Investment in Kind, etc. with Land Located in Enterprise City Development Project District, etc.)

(1) Domestic corporations may be granted tax deferral of an amount equivalent to any of the following subparagraphs until they dispose of stocks acquired through investment in kind by including such amount in the deductible expenses as prescribed by Presidential Decree when the amount of income for the relevant taxable year is calculated: <Amended by Act No. 11614, Jan. 1, 2013>

1. Gains from transfer accrued from investment in kind in an enterprise prescribed by Presidential Decree that takes exclusive charge of enterprise city development projects under subparagraph 3 of Article 2 of the Special Act on the Development of Enterprise Cities (hereafter referred to as "enterprise taking exclusive charge of enterprise city development projects" in this Article) with land located in the enterprise city development project district no later than December 31, 2015;
2. Gains from transfer accrued from investment in kind in an enterprise that takes exclusive charge of development projects for the development promotion districts of underdeveloped areas under subparagraph 4 of Article 2 of the Special Act on the Promotion of Development Investments in Underdeveloped Areas (hereafter referred to as "enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped areas" in this Article) with land located in the development promotion districts of underdeveloped areas no later than December 31, 2015.

(2) Where a domestic corporation that has been granted corporate tax deferral pursuant to paragraph (1) purchases developed land in lots from an enterprise taking exclusive charge of enterprise city development projects or enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped area and pays the price of such purchase with stocks acquired through investment in kind, the corporate tax which has been granted deferral in the

beginning shall not be levied notwithstanding the provisions of paragraph (1), and the imposition of the corporate tax may be again deferred, as prescribed by Presidential Decree, until the land purchased in lots is transferred.

(3) Where a domestic corporation includes the amount equivalent to the gains from transfer in the deductible expenses pursuant to paragraph (1) and thereafter the enterprise taking exclusive charge of enterprise city development projects or enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped area that has received the investment in kind with land closes business or dissolves, it shall include the total amount of those which are not added to the gross income, in the gross income, when it calculates its amount of income for the business year to which the date on which such cause occurred belongs.

(4) Where a domestic corporation acquires stocks by investment in an enterprise that takes exclusive charge of the enterprise city development project with subsidies from the Tourism Promotion and Development Fund under Article 5 (3) 4 of the Tourism Promotion and Development Fund Act not later than December 31, 2015, the relevant stocks may be deemed assets used for business under Article 36 (1) of the Corporate Tax Act and be included in the deductible expenses by applying the same Article mutatis mutandis. <Amended by Act No. 11614, Jan. 1, 2013>

(5) In applying paragraphs (1) and (2), the calculation of transfer margin subject to an inclusion in deductible expenses, the methods of taxation deferral, the submission of a specification of investment in kind, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 4 (Special Taxation for Corporate Tax on Investment in Kind with Land for Free Economic Zone Development Projects)

(1) Where a development project operator (limited to any foreign investment enterprise referred to in Article 2 (1) 6 of the Foreign Investment Promotion Act) under Article 8 - 3 (1) and (2) of the Special Act on Designation and Management of Free Economic Zones makes investment in kind with land in possession in a domestic corporation prescribed by Presidential Decree by no later than December 31, 2014, an amount equivalent to the transfer margin accruing from such investment of land in kind may be included in the

deductible expenses, under the conditions as prescribed by Presidential Decree, in calculating its income amount for the relevant business year, and thereby may be subject to taxation deferment until the development project operator disposes of the stocks acquired by such investment in kind. <Amended by Act No. 10529, Apr. 4, 2011; Act No. 11614, Jan. 1, 2013>

(2) Where a domestic corporation includes the amount equivalent to the transfer margin in deductible expenses pursuant to paragraph (1) and thereafter the domestic enterprise that has received the investment of land in kind discontinues or shuts down its business, it shall include the total amount of which is not included in gross income, in the gross income, when it calculates its income amount for the business year whereto belongs the date on which the relevant ground occurs.

(3) In applying paragraph (1), the calculation of transfer margin subject to an inclusion in deductible expenses, the methods of taxation deferment, the submission of a specification of investment in kind, and other necessary matters shall be prescribed by Presidential Decree.

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 85 - 5 (Special Taxation for Proceeds from Transferring Land, etc. for Child - Care Centers)

(1) Where a person who operates a workplace child - care center under the Infant Care Act (hereafter in this Article, referred to as "previous child - care center"), transfers the previous child - care center as at December 31, 2009, and then acquires a new workplace child - care center (hereafter in this Article, referred to as "new child - care center") within one year from the date of such transfer, the person may choose not to include the equivalent to proceeds from transferring the previous child - care center in his/her gross income, or is entitled to tax deferral, as follows: <Amended by Act No. 10789, Jun. 7, 2011>

1. Corporations: Not to include the amount calculated as prescribed by Presidential Decree in the gross income, when calculating the income for the relevant business year. In such cases, the amount shall be included in the gross income in at least equal installments for the three business years from the business year falling on the third anniversary from the end of the business year in which the date of transfer falls;

2. Individuals: To obtain tax deferral as prescribed by Presidential Decree.

(2) Where a person subject to paragraph (1) fails to acquire a new child - care center, or closes a new child - care center within three years after starting operating the new child - care center, the person shall include the amount calculated as prescribed by Presidential Decree in the gross income, when calculating his/her income for the business year in which the relevant ground arises, or shall pay the amount of tax deferred as capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or paid as the capital gains tax. <Amended by Act No. 10789, Jun. 7, 2011 >

(3) In any of the following cases, a resident (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph) granted deferred taxation under paragraph (1) 2, shall pay the amount of tax deferred, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

1. Where the resident donates the new child - care center: Within three months from the end of the month in which it is donated;

2. Where the new child - care center is inherited upon the death of the resident: Within six months from the end of the month in which inheritance commences.

(4) For the purposes of paragraphs (1) through (3), the scope of child - care centers; submitting a statement of proceeds from transfer, an application for tax deferral, and an adjustment statement of inclusion in gross income in installments; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 10789, Jun. 7, 2011; Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 6 (Reduction or Exemption of Corporate Tax, etc. for Social Enterprises and Standard Workplaces for Persons with Disabilities)

(1) A national certified as a social enterprise, as defined in subparagraph 1 of Article 2 of the Social Enterprise Promotion Act, as at December 31, 2019, is entitled to a full exemption from corporate tax or income tax on the income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of certification, where no income accrues from the relevant business until the taxable year falling on such fifth

anniversary), and also within the two subsequent taxable years from the date the following taxable year commences; and entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

(2) A national certified as a standard workplace for persons with disabilities, as defined in subparagraph 8 of Article 2 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities, as at December 31, 2019, is entitled to a full exemption from corporate tax or income tax on the income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of certification, where no income accrues from the relevant business until the taxable year falling on such fifth anniversary), and also within the two subsequent taxable years from the date the following taxable year commences; and entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

(3) For the purposes of paragraph (1), where the certification of a social enterprise is revoked pursuant to Article 18 of the Social Enterprise Promotion Act due to any of the following grounds during the period of tax reduction or exemption, the social enterprise becomes ineligible for a reduction or exemption of corporate tax or income tax as prescribed in paragraph (1) from the relevant taxable year:

1. It has obtained certification fraudulently or deceptively;
2. It fails to meet any of the requirements for certification prescribed under Article 8 of the Social Enterprise Promotion Act.

(4) For the purposes of paragraph (2), where any of the following applies to a standard workplace for persons with disabilities during the period of tax reduction or exemption, it becomes ineligible for a reduction or exemption of corporate tax or income tax under paragraph (2) from the relevant taxable year: <Newly Inserted by Act No. 10406, Dec. 27, 2010>

1. Where it has obtained a loan or subsidy under Article 21 or 22 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities

fraudulently or deceptively;

2. Where the business operator fails to use a loan or subsidy granted under Article 21 or 22 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities for the purposes provided for in the same provisions;

3. Where it fails to meet any of the standards referred to in subparagraph 8 of Article 2 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities.

(5) Where a national granted a tax reduction or exemption pursuant to paragraph (1) or (2), falls under paragraph (3) 1 or (4) 1, the national shall pay the amount of tax reduced or exempted, plus an amount calculated by applying mutatis mutandis the provisions on the additional amount equivalent to interest under Article 33 - 2 (4), as corporate tax or income tax, at the time of filing his/her tax return for the taxable year in which the relevant ground arises. <Amended by Act No. 10406, Dec. 27, 2010>

(6) Any person who intends to be granted a tax reduction or exemption pursuant to paragraph (1) or (2), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 7 (Special Taxation for Relocation of Factories due to Expropriation, etc. for Public Works Projects)(1) Where a domestic corporation or a resident transfers the site and buildings of a factory that has been operated within the area for a public service project for at least two years (including land held for at least five years, counting retroactively from the date of public announcement of project approval, is for a factory operated for at least one year as at the date of transfer where such factory has been operated for less than two years, counting retroactively, from the date of public announcement of project approval), counting retroactively from the date of public announcement of project approval (referring to the date of transfer where such site and buildings are transferred before the date of public announcement of project approval; hereafter the same shall apply in this Article), to the implementer of the relevant public service project by not later than December 31, 2018 due to the implementation of the public service project pursuant to the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects, in order to relocate such factory to an area prescribed by Presidential Decree located outside of

the area for such public service project (including such area for the public service project where land within that area developed as a consequence of the implementation of the public service project is used as the site of the factory after acquiring it directly from the implementer of the public service project), the domestic corporation or the resident may either exclude an amount equivalent to the gains from the transfer of such site and buildings of the factory (including partial transfer of the site of the factory) from its gross income, or pay the capital gains tax on such gains from transfer, in installments, as follows: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015 >

1. The domestic corporation: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In this regard, the relevant amount shall be included in the gross income, in at least equal installments, during the period of three business years, starting from the business year in which the third anniversary of the end of the business year in which such site and buildings are transferred falls;
2. The resident: Not deeming the capital gains tax calculated, as prescribed by Presidential Decree, to be capital gains tax payable by the filing deadline of the final capital gains tax return for the relevant year in which the date of transfer falls. In this regard the amount of such tax shall be paid, in at least equal installment, during the period of three years, starting from the third anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such site and buildings are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate a factory, as prescribed by Presidential Decree, or closes his/her business or is dissolved within three years from the date of transfer of the factory, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 8 (Special Taxation for Small or Medium Enterprises Upon Relocation of Factories)

(1) Where a small or medium enterprise that has engaged in business for at least ten consecutive years with factory facilities transfers the site and buildings of its factory, by not later than December 31, 2017, in order to relocate the factory to an area, other than the areas prescribed by Presidential Decree, the small or medium enterprise may either exclude an amount equivalent to the transfer gains from its gross income, or pay the capital gains tax on such transfer gains in installments, as follows: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014 >

1. Domestic corporations: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In this regard, the relevant amount shall be included in the gross income, in at least equal installments, during the period of two business years, starting from the business year in which the second anniversary of the end of the business year in which such site and buildings are transferred falls;
2. Residents: Not deeming the capital gains tax calculated, as prescribed by Presidential Decree, to be capital gains tax payable by the filing deadline of the final capital gains tax return for the relevant year in which the date of transfer falls. In this regard, the amount of such tax shall be paid, in at least equal installment, during the period of two years, starting from the second anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such site and buildings are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate a factory, as prescribed by Presidential Decree, or closes his/her business or is dissolved within three years from the date of transfer of the factory, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the

business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 85 - 9 (Special Taxation for Relocation of Logistics Facilities due to Expropriation, etc. for Public Service Projects)

(1) Where a domestic corporation or a resident transfers the site or buildings of logistics facilities (hereafter referred to as "logistics facilities" in this Article) to the implementer of a public service project by not later than December 31, 2018 in order to relocate such logistics facilities prescribed by Presidential Decree, which have been used for at least five years, counting retroactively from the date of public announcement of project approval (or from the date of transfer if such transfer is made before the date of public announcement of project approval), to an area prescribed by Presidential Decree due to the implementation of the public service project pursuant to the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects, the domestic corporation or the resident may either exclude an amount equivalent to the transfer gains from its gross income, or pay the capital gains tax on such transfer gains in installments, as follows: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. The domestic corporation: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In this regard, the relevant amount shall be included in the gross income, in at least equal installments, during the period of three business years, starting from the business year in which the third anniversary of the end of the business year in which such site and buildings are transferred falls;
2. The resident: Paying the capital gains tax calculated, as prescribed by Presidential Decree, in installments. In this regard, the amount of such tax shall be paid, in at least equal installment, during the period of three years, starting from the third

anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such logistics facilities are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate logistics facilities, as prescribed by Presidential Decree, or closes his/her business or is dissolved within three years from the date of transfer of the logistics facilities, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 85 - 10 (Capital Gains Tax Reduction or Exemption for Mountainous Areas

Transferred to State)(1) Where a national transfers a mountainous area as defined under the Mountainous Districts Management Act (excluding any mountainous area located in an urban area designated under the National Land Planning and Utilization Act; hereafter referred to as “ mountainous area ” in this paragraph) he/she has held for at least two years, to the State, by not later than December 31, 2017, pursuant to Article 18 of the State Forest Administration and Management Act, the resident is entitled to a reduction of capital gains tax levied on the income accruing from such transfer by an amount equivalent to 10/100 of the capital gains tax.

<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

(2) A person seeking to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

SECTION 9 Special Taxation for Support of Savings

Articles 86 and 86 - 2 Deleted. <by Act No. 11614, Jan. 1, 2013>

Article 86 - 3 (Income Deductions, etc. for Mutual Aid Funds for Small Enterprises and Micro Enterprises)(1) Where a resident joins, and makes deposits, in a mutual aid fund prescribed by Presidential Decree for small enterprises and micro enterprises under Article 115 of the Small and Medium Enterprise Cooperatives Act (hereafter in this Article, referred to as "mutual aid fund for small or micro enterprises"), the resident is entitled to deduct the smaller of an amount deposited in the mutual aid fund for the relevant year, and of any of the following amounts, from the amount of business income (or from the amount of earned income, if the resident is the representative of a corporation and his/her gross wages for the relevant taxable period do not exceed 70 million won; hereafter in this paragraph, the same shall apply) for the relevant taxable year: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. If the amount of business income for the relevant taxable year, does not exceed 40 million won: 5 million won;
2. If the amount of business income for the relevant taxable year, is between 40 million won and 100 million won: 3 million won;
3. If the amount of business income for the relevant taxable year, exceeds 100 million won: 2 million won.

(2) Incomes accruing from the mutual aid fund for small or micro enterprises under paragraph (1), shall be deemed accrued at the time the person who has joined the mutual aid fund for small or micro enterprises actually receives such incomes.

(3) Where a person receives mutual aid benefits from the mutual aid fund for small or micro enterprises due to any of the grounds prescribed by Presidential Decree, such as business closure, the amount calculated by the following formula shall be levied as income tax, deeming such amount to be the retirement income under Article 22 (1) 2 of the Income Tax Act. In such cases, the number of years of continuous service under Articles 48 and 55 of the Income Tax Act, shall be determined by the method prescribed by Presidential Decree, based upon the period of membership of the mutual aid fund for small or micro enterprises:<Amended by Act No. 12853, Dec. 23, 2014>

Retirement income = Mutual aid benefits - Aggregate of deposits made in excess of the amount of actual income deduction.

(4) Where a person terminates a contract for the mutual aid fund for small or micro enterprises before any of the grounds prescribed by Presidential Decree, such as business closure, arises, the amount calculated by the following formula shall be levied as income tax, deeming such amount to be miscellaneous incomes under Article 21 of the Income Tax Act: Provided, That paragraph (3) shall apply where the contract is terminated due to any of the grounds prescribed by Presidential Decree, such as emigration:

Miscellaneous incomes = Amount refunded upon termination - Aggregate of deposits made in excess of the amount of actual income deduction.

(5) Deleted. <by Act No. 14390, Dec. 20, 2016 >

(6) Where the amount of tax payable under paragraph (3) or (4) is not paid by the deadline prescribed under Article 128 (1) of the Income Tax Act, or is underpaid, the Korea Federation of Small and Medium Business incorporated under the Small and Medium Enterprise Cooperatives Act, shall pay the amount of tax unpaid or underpaid, plus an amount calculated under Article 47 - 5 (1) of the Framework Act on National Taxes. <Amended by Act No. 14390, Dec. 20, 2016 >

(7) No income tax imposed under paragraph (4) shall exceed the refund that a member of the mutual aid fund for small enterprises and small commercial receives upon termination of the contract for the mutual aid fund for small or micro enterprises. <Amended by Act No. 14390, Dec. 20, 2016 >

(8) The methods and procedures for granting income deductions to persons who have joined the mutual aid fund for small or micro enterprises, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 87 (Income Deductions, etc. for Collective Savings Accounts for Housing

Subscription) (1) No income tax shall be imposed on any interest income and dividend income accruing from a savings account opened to purchase a housing unit (hereafter in this Article, referred to as "long - term savings account for housing purchase") as at December 31, 2012, if the account meets all of the following requirements:

1. Persons eligible to open a long - term savings account for housing purchase shall be a resident of at least 18 years of age, falling under any of the following at the time of opening an account:

(a) The head of a household prescribed by Presidential Decree (hereafter in this Article, referred to as "household") that does not own a house;

(b) The head of a household that owns only one house with the standard market price not exceeding 50 million won, appraised under Article 99 (1) of the Income Tax Act (hereafter in this Article, referred to as "standard market price"), or with the standard market price not exceeding 300 million won and not larger than the size prescribed by Presidential Decree (hereafter in this Article, referred to as "house of national housing size");

2. Requirements prescribed by Presidential Decree, including the limits on installment savings and the contract period, shall be satisfied.

(2) Where a resident (excluding daily employed workers) who has earned income, is the head of a household whose gross wages for a certain taxable year under Article 20 (2) of the Income Tax Act does not exceed 70 million won; has not owned any house during that taxable period; and has deposited an amount in his/her collective savings account for housing subscription under the Housing Act during such taxable period, the resident is entitled to deduct the equivalent to 40/100 of the amount deposited in his/her savings account (the maximum shall be 2,400,000 won per year, but the amount deposited only after the taxable period eligible for income deductions under paragraph (3) is eligible for deduction) from his/her earned income for the relevant taxable period: Provided, That no amount deposited during the relevant taxable period shall be deducted, if the account is closed before maturity due to any ground other than winning a draw to acquire a house: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 13805, Jan. 19, 2016>

1. and 2. Deleted. <by Act No. 13805, Jan. 19, 2016>

(3) A person who intends to be granted an income deduction for the amount deposited in his/her collective savings account for housing subscription pursuant to paragraph (2), shall submit the document prescribed by Presidential Decree verifying that he/she is the head of a household with no house owned (hereafter in this Article, referred to as "non - homeowner certificate") to the institution handling

such savings account, by not later than the end of the year immediately following the taxable period for which he/she intends to be granted an income deduction (hereafter in this Article, referred to as "taxable period eligible for income deduction").

[<Amended by Act No. 13560, Dec. 15, 2015>](#)

(4) If the aggregate of the amounts deducted under paragraph (2) of this Act and Article 52 (4) of the Income Tax Act, exceeds three million won per year, such excess shall not be deducted from the earned income for the relevant year; and, if the aggregate of the amounts deducted under paragraph (2) of this Act and Article 52 (4) through (6) of the Income Tax Act, exceeds five million won per year (the maximum on each deduction, if a long - term house mortgage loan provided under Article 52 (5) of the Income Tax Act meets the requirements of Article 52 (6) of the same Act), such excess shall not be deducted from the earned income for the relevant year. In such cases, whether the account holder is the head of a household shall be determined as at the end of the relevant taxable period.[<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>](#)

(5) If a person who has opened a long - term savings account for housing purchase withdraws the principal, interest, etc. from the account, or closes the account within seven years from the opening date of the savings account, the financial institution handling such savings account shall collect the tax reduction or exemption granted on the interest income and dividends income exempt from income tax: Provided, That the same shall not apply where the savings account is closed due to the account holder's death or emigration abroad or any other reason prescribed by Presidential Decree.

(6) Where a person granted an income deduction for the amount deposited in a collective savings account for housing subscription, falls under any of the following cases, the institution handling the relevant savings account shall additionally collect an amount (hereafter in this Article, referred to as "additional tax") calculated by multiplying the aggregate of the amounts deposited after the taxable period to which the income deduction was applied (such amount shall not exceed 2,400,000 won per annum) by 6/100 from the amount in the relevant savings account, at the time of closing the savings account, and shall pay it to the head of the tax office having jurisdiction over the tax withholding by the 10th day of the month immediately

following the month in which the account is closed: Provided, That, if the person granted an income deduction proves that the amount of tax reduced or exempted by the relevant income deduction falls short of the additional amount of tax, the equivalent to such amount of tax reduced or exempted shall be collected additionally:
<Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Where the person closes the savings account within five years from the date of opening the savings account: Provided, That the same shall not apply where the savings account is closed due to the account holder's death or emigration abroad or any other reason prescribed by Presidential Decree;

2. Where the person wins a draw to acquire a house that exceeds the size of national housing and is constructed according to the project plan approved under the Housing Act.

(7) Where an institution handling savings accounts fails to pay the additional amount of tax calculated under paragraph (5) or (6) by the prescribed deadline or underpays it, the institution shall pay the equivalent to 10/100 of the amount of tax unpaid or underpaid, to the head of the tax office having jurisdiction over tax withholding in addition to such additional amount of tax.<Amended by Act No. 11614, Jan. 1, 2013>

(8) Persons eligible to open the long - term savings account for housing purchase shall be identified and managed in the following manner:<Amended by Act No. 12853, Dec. 23, 2014>

1. The Commissioner of the National Tax Service shall examine whether each holder of the long - term savings account for housing purchase fully meets the requirements of the subparagraphs of paragraph (1) as at the time of opening the account and notify the financial institution handling the savings account of the findings within the period prescribed by Presidential Decree;

2. The Commissioner of the National Tax Service shall examine whether each holder of the long - term savings account for housing purchase fully meets the requirements of the subparagraphs of paragraph (1) (excluding the requirement that the standard market price shall not exceed 300 million won) as at the end of the taxable year falling on the seventh anniversary from the date of opening the long - term savings account for housing purchase and as at the end of every third taxable period after the afore - mentioned taxable year, and shall notify the financial

institution handling the account of the findings. In such cases, the savings account shall be deemed terminated as of the date the financial institution receives the relevant notification if the person fails to meet any of the requirements of the subparagraphs of paragraph (1) (excluding the requirement that the standard market price shall not exceed 300 million won), but paragraphs (5) and (7) shall not apply.

(9) Persons eligible to open the collective savings account for housing subscription shall be identified and managed in the following manner:<Amended by Act No. 10406, Dec. 27, 2010; Act No. 11690, Mar. 23, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Each institution handling the savings account shall submit a list of persons who have submitted non - homeowner certificates to the Minister of Land, Infrastructure and Transport by not later than five days after the deadline for submission specified in paragraph (3);
2. The Minister of Infrastructure and Transport shall verify whether the persons who have submitted non - homeowner certificates are the head of a household with no house owned during the taxable period and shall notify the findings thereof to the Commissioner of the National Tax Service by not later than April 30 of the following year.

(10) The procedure for opening and terminating the long - term savings accounts for housing purchase; the procedure for income deductions; and the procedure for income deductions with respect to the deposit in the saving account for subscription and the collective savings account for housing subscription; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9924, Jan. 1, 2010]

Article 87 - 2 (Non - Taxation on Lump - Sum Savings of Farming and Fishing Households)

Where a farmer or fisherman opens a lump - sum savings account under the Act on Raising Lump - Sum Saving of Farming and Fishing Households by not later than December 31, 2017, no income tax, gift tax or inheritance tax shall be levied on the interest income and saving incentives that the farmer, fisherman, or any of his/her descendants receives on the maturity of the lump - sum savings account or due to

any of the following events that arises one year after the date of opening such account: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

1. Where the farmer or fisherman dies;
2. Where the farmer or fisherman emigrates abroad;
3. Where a natural calamity or other causes prescribed by Presidential Decree occur.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 87 - 3 Deleted. <by Act No. 9921, Jan. 1, 2010>

Article 87 - 4 Deleted. <by Act No. 7839, Dec. 31, 2005>

Article 87 - 5 (Special Taxation for Stockholders of Ship Investment Companies)(1)

Deleted. <by Act No. 7839, Dec. 31, 2005>

(2) Notwithstanding Article 129 of the Income tax Act, the tax rate of 9/100 shall apply to the dividends paid by any ship investment company defined in subparagraph 1 of Article 2 of the Ship Investment Company Act (hereinafter referred to as "ship investment company") to a resident on or before December 31, 2015 with respect to the stocks in his/her possession by ship investment company with par value not exceeding 50 million won. In such cases, the dividend income of the stocks in his/her possession with par value not exceeding 200 million won shall not be included in the tax base of global income calculated under Article 14 (2) of the Income Tax Act.

<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014>

(3) If a ship investment company intends to pay the dividend income where its stock certificates have been deposited in an investment trader or investment broker, it shall, immediately after passing a resolution on dividend payment, notify the investment trader or investment broker of a detailed statement of the income subject to separate taxation under paragraph (2) classified by stockholder, investment trader or investment broker directly or through the Korea Securities Depository under Article 294 of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "Korea Securities Depository"), and the investment trader or investment broker so notified shall withhold as notified. <Amended by Act No. 9272, Dec. 26, 2008>

(4) If the stocks of a ship investment company are not deposited in an investment trader or an investment broker, the ship investment company shall divide the dividends to each stockholder into the income subject to the separate taxation under the forepart of paragraph (2) and the income subject to the separate taxation under Article 129 of the Income Tax Act directly or through its stock transfer agency to collect the withholding tax accordingly. <Amended by Act No. 9921, Jan. 1, 2010>

(5) Where the withholding agent referred to in paragraphs (3) and (4) directly pays the dividends of the relevant ship investment company, he/she shall submit a detailed statement of the separate taxation of the ship investment company in the form prescribed by Ordinance of the Ministry of Strategy and Finance to the head of the tax office having jurisdiction over the withholding tax by the end of the month immediately following the end of the quarter on which the payment date of the dividends falls. <Amended by Act No. 9921, Jan. 1, 2010>

[This Article Newly Inserted by Act No. 7003, Dec. 30, 2003]

Article 87 - 6 (Special Taxation for Dividend Income from Collective Investment

Securities, such as Real Estate Funds)(1) Where a resident receives dividend income, by not later than December 31, 2018, for stocks or beneficiary certificates (hereafter in this Article, referred to as "collective investment securities") of any real estate fund under the Financial Investment Services and Capital Markets Act (including a privately - placed fund defined in Article 9 (19) of the same Act, which invests at least 50/100 of its collective investment property in the real estate specified in subparagraph 2 of Article 229 of the same Act) or of any real estate investment company under the Real Estate Investment Company Act (hereafter in this Article, referred to as "real estate fund, etc."), which invests at least the ratio prescribed by Presidential Decree of its total assets, in the rental housing prescribed by Presidential Decree, from such real estate fund, etc., the resident need not add such dividend income to the tax base of his/her global income under Article 14 (2) of the Income Tax Act, if the total par value of the collective investment securities in each real estate fund, etc. does not exceed 200 million won. In such cases, the tax rate of 5/100 shall apply to the dividend income from collective investment securities, if the total par value of collective investment securities in each real estate fund, etc., does not exceed 50 million won, notwithstanding Article 129 of the Income

Tax Act. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

(2) Where the collective investment securities in a real estate fund, etc., are deposited with an investment trader or investment broker, the real estate fund, etc. shall notify the investment trader or investment broker to whom a holder of such collective investment securities entrusts the purchase and sale of a statement of income subject to separate taxation under paragraph (1) classified by holder of collective investment securities, investment trader, or investment broker, directly or through the Korea Securities Depository, immediately after deciding to pay the dividend income; and the investment trader or investment broker in receipt of notification shall withhold the tax as notified.

(3) Where the collective investment securities in a real estate fund, etc., are not deposited with an investment trader or investment broker, the real estate fund, etc. shall withhold the tax, directly or through its transfer agency, upon classifying the income subject to separate taxation by holder of collective investment securities.

(4) Where the withholding agents referred to in paragraphs (2) and (3), pay the dividend income from the real estate fund, etc. directly, they shall submit a statement of the separate taxation of the real estate fund, etc., in the form prescribed by Ordinance of the Ministry of Strategy and Finance, to the head of the tax office having jurisdiction over the withholding tax, by the end of the month immediately following the end of the quarter in which the dividend income is paid.

(5) Where a resident invests in collective investment securities of a real estate fund, etc. under a trust contract with a trust business entity permitted under the Financial Investment Services and Capital Markets Act, the trust business entity and the real estate fund, etc. shall be deemed to be in an agency or delegation relationship in relation to the withholding obligation.<Newly Inserted by Act No. 14390, Dec. 20, 2016 >

(6) Methods for computing the investment ratio of a real estate fund, etc.; methods for withholding taxes; and other necessary matters, shall be prescribed by Presidential Decree.<Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Newly Inserted by Act No. 10631, May 19, 2011]

Article 88 Deleted. <by Act No. 9921, Jan. 1, 2010 >

Article 88 - 2 (Special Taxation on Tax - Free Comprehensive Savings)(1) Where any of the following residents opens a savings account prescribed by Presidential Decree (hereafter in this Article, referred to as "tax - free comprehensive savings"), with the maximum principal savings not exceeding 50 million won (if a resident who has a tax - favored comprehensive savings account under Article 89 has not terminated or closed the account, the amount of savings shall be determined by subtracting the total contract amount on the tax - favored comprehensive savings account held by the resident from 50 million won), by not later than December 31, 2019, no income tax shall be levied on the interest income or dividend income accruing from the savings account: <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 13605, Dec. 22, 2015 >

1. A resident aged at least 65;
2. A person with a disability registered under Article 32 of the Act on Welfare of Persons with Disabilities;
3. A person of distinguished service to independence, registered under Article 6 of the Act on the Honorable Treatment of Persons of Distinguished Service to Independence, his/her bereaved family, or his/her family;
4. A wounded person registered under Article 6 of the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State;
5. A recipient defined in subparagraph 2 of Article 2 of the National Basic Living Security Act;
6. A patient suffering from actual or potential aftereffects of defoliants, defined in subparagraph 3 of Article 2 of the Act on Assistance to Patients Suffering from Actual or Potential Aftereffects of Defoliants, etc. and Establishment of Related Organizations;
7. A wounded person in the May 18 Democratization Movement, defined in subparagraph 2 of Article 4 of the Act on the Honorable Treatment of Persons of Distinguished Service to the May 18 Democratization Movement.

(2) Deleted. <by Act No. 6538, Dec. 29, 2001 >

(3) Methods for calculating the total contract amount of tax - free comprehensive savings accounts; methods for operating and managing tax - free comprehensive savings accounts; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014 >

[This Article Newly Inserted by Act No. 6273, Oct. 21, 2000]

Article 88 - 3 Deleted. <by Act No. 7003, Dec. 30, 2003>

Article 88 - 4 (Special Taxation for Members, etc. of Employee Stock Ownership

Associations)(1) Where a member of an employee stock ownership association established under the Framework Act on Labor Welfare (hereinafter referred to as "member of an employee stock ownership association") make an investment in the employee stock ownership association established under the same Act (hereinafter referred to as "employee stock ownership association") in order to acquire the stocks of his/her own company, the member is entitled to deduct the amount of investment made in the relevant year and four million won, whichever is smaller, from the amounts of his/her earned income for the relevant year. <Amended by Act No. 10361, Jun. 8, 2010>

(2) No income tax shall be levied on income accrued from the funds of the employee stock ownership association established under Article 36 of the Framework Act on Labor Welfare or from the employee stocks held by the employee stock ownership association.<Amended by Act No. 10361, Jun. 8, 2010>

(3) Where a member of an employee stock ownership association make contributions to the relevant corporation as prescribed in Article 36 (1) of the Framework Act on Labor Welfare or receive employee stocks which have been acquired through purchase of stocks at the securities market, etc. under the Financial Investment Services and Capital Markets Act, allocated by the employee stock ownership association, no income tax shall be levied thereon.<Amended by Act No. 10361, Jun. 8, 2010>

(4) Notwithstanding paragraph (3), where the employee stocks allotted by the employee stock ownership association to its members are contributed by the relevant corporation or acquired with contributions by such corporation, income tax shall be levied on the portion of such stocks exceeding the limits set by Presidential Decree. In such cases, where the employee stocks allotted pursuant to Article 37 of the Framework Act on Labor Welfare are collected by the employee stock ownership association from its members and thereby there is an amount to be deducted from their earned income for the taxable period which has already passed, the such members may deduct the amount from their earned income at the time of the year -

end settlement of their earned income for the taxable period in which the date of such collection falls. <Amended by Act No. 10361, Jun. 8, 2010>

(5) Where a member of an employee stock ownership association withdraws his/her shares of employee stock allotted by the employee stock ownership association, income tax shall be levied on an amount calculated, as prescribed by Presidential Decree (hereafter in this Article referred to as "withdrawn amount"), with respect to the withdrawn employee stocks less the following employee stocks (hereafter in this Article referred to as "taxable, withdrawn stocks"), deeming such amount to be the earned income under Article 20 of the Income Tax Act. In such cases, the date on which such employee stocks are withdrawn shall be deemed the time of earning of such income, and the relevant corporation shall withhold an amount computed by applying the tax rate under Article 55 (1) of the Income Tax Act to the withdrawn amount: <Amended by Act No. 10361, Jun. 8, 2010>

1. Employee stocks acquired with an investment not granted income deductions under paragraph (1);
2. Employee stocks referred to in the fore part of paragraph (4);
3. Employee stocks given gratuitously to the members of the employee stock ownership association through the transfer of surplus into capital.

(6) Where a member of an employee stock ownership association withdraws any amount for taxable, withdrawn stocks, no income tax shall be levied on any of the following amounts, depending upon the holding period of the employee stocks and the size of the relevant corporation. In such cases, the holding period of employee stocks shall be the period from the day immediately following the last day of the period during which the stocks shall be compulsorily deposited in the account of each member of the employee stock ownership association with a securities finance company authorized under the Financial Investment Services and Capital Markets Act (hereafter referred to as "securities finance company" in this Article) to the date of withdrawal: <Amended by Act No. 10361, Jun. 8, 2010; Act No. 13560, Dec. 15, 2015>

1. In cases of a small or medium enterprise: Any of the following amounts:
 - (a) If taxable, withdrawn stocks have been held for a period from two to not exceeding four years: An amount equivalent to 50/100 of the withdrawn amount;
 - (b) If taxable, withdrawn stocks have been held for a period from four years to not exceeding six years: An amount equivalent to 75/100 of the withdrawn amount;

(c) If taxable, withdrawn stocks have been held for at least six years: An amount equivalent to 100/100 of the withdrawn amount;

2. In cases of any enterprise, other than small and medium enterprises: Either of the following amounts:

(a) If taxable, withdrawn stocks have been held for a period from two to not exceeding four years: An amount equivalent to 50/100 of the withdrawn amount;

(b) If taxable, withdrawn stocks have been held for at least four years: An amount equivalent to 75/100 of the withdrawn amount.

(7) Where a member of an employee stock ownership association withdraws contributions without disbursing them on the purchase of employee stocks, the amount such contributions (excluding contributions which were not deducted from any income under paragraph (1)) shall be included in the withdrawn amount pursuant to paragraph (5). <Amended by Act No. 10361, Jun. 8, 2010>

(8) Where a member of an employee stock ownership association make an investment in the employee stock ownership association and acquire employee stocks through such association, the income tax on the difference between the acquisition price of such stocks and the market price thereof shall be levied, as follows: <Amended by Act No. 10361, Jun. 8, 2010>

1. Where the investment does not exceed four million won, no tax shall be levied on such difference;

2. Where the investment exceeds four million won and the acquisition price of employee stocks acquired with such excess amount does not exceed the price prescribed by Presidential Decree (hereafter referred to as "standard price" in this paragraph), tax shall be imposed on the difference between the relevant acquisition price and the standard price, deeming such difference to be the earned income.

(9) No income tax shall be levied on any dividend income from the employee stocks a member of an employee stock ownership association acquired through the employee stock ownership association and has deposited in a securities finance company, if the following conditions are fully satisfied: Provided, That where the stocks are withdrawn within one year from the date of deposit, the dividend income from such stocks paid, on or before the date of deposit, shall be deemed the dividend income paid on the date of deposit, and the income tax shall be levied thereon:

<Amended by Act No. 10361, Jun. 8, 2010>

1. It shall be verified by a stock depository certificate issued by the securities finance company that the employee stocks held by the member of the employee stock ownership association are deposited in such securities finance company as at the base date on which the dividend is paid;
2. The member of the employee stock ownership association shall be a minority stockholder (hereafter referred to as "minority stockholder" in this Article) prescribed by Presidential Decree;
3. The total par value of the employee stocks that are held by each member of the employee stock ownership association shall not exceed 18 million won.

(10) No income tax shall be levied on the dividend income accrued from the treasury shares held by workers who acquire equity shares pursuant to Articles 21 - 2, 107 (2), 112 (2), 112 - 10 (2) and 147 of the Agricultural Cooperatives Act and Articles 22 - 2, 108, 113 and 147 of the Fisheries Cooperatives Act, if the following conditions are fully satisfied: Provided, That where the treasury shares are not held for at least one year from the date of acquisition, the dividend income paid before the date the relevant cause occurs, shall be deemed the dividend income paid on the date on which such cause occur, and the income tax shall be levied thereon:< Amended by Act No. 11614, Jan. 1, 2013 >

1. The workers shall be minority stockholders;
2. The total par value of the treasury shares held by each worker shall not exceed 18 million won.

(11) Any withholding agent shall submit a statement of nontaxation on the dividend income paid to the members of employee stock ownership associations and the workers pursuant to paragraphs (9) and (10) to the head of the tax office having jurisdiction over withholding taxes, as prescribed by Presidential Decree.

(12) Income deductions for contributions of the members of the employee stock ownership association, non - taxation on dividend income, taxation on the withdrawn employee stocks, calculation of the holding period of employee stocks, keeping records of treasury stocks, and other necessary matters shall be prescribed by Presidential Decree.< Amended by Act No. 10361, Jun. 8, 2010 >

(13) A donation made by a resident to an employee stock ownership association (excluding donations made by members of an employee stock ownership association; the same shall apply hereafter in this paragraph) shall be either included in

necessary expenses under Article 34 (1) of the Income Tax Act, or deducted from the amount of global income for the relevant taxable year, subject to a ceiling computed by multiplying 30/100 by the amount of global income for the relevant taxable year, less the donations referred to in Article 34 (2) of the Income Tax Act, for the purpose of computing the amount of business income for the taxable year; and a donation made by a corporation to an employee stock ownership association shall be included in deductible expenses, subject to a ceiling computed by multiplying 30/100 by the amount of income for the relevant taxable year, less carried-over losses, for the purpose of computing income for the relevant taxable year. <Amended by Act No. 12853, Dec. 23, 2014>

(14) Article 94 (1) 3 of the Income Tax Act shall not apply where a member of an employee stock ownership association withdraws his/her employee stocks he/she holds on the ground of his/her retirement and transfers such stocks to the employee stock ownership association, if the following conditions are fully met. In such cases, the same shall not apply to any transfer margin that exceeds 30 million won: <Amended by Act No. 10361, Jun. 8, 2010>

1. The member of the employee stock ownership association hold the employee stocks, which he/she has acquired through the employee stock ownership association, for at least one year;
2. The employees stocks held by the member of the employee stock ownership association have been deposited in a securities finance company for at least one year as at the date of transfer;
3. The total par value of the employee stocks held by the members of the employee stock ownership association shall not exceed 18 million won.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 88 - 5 (Special Taxation for Capital Investments, etc. in Cooperatives, etc.)No income tax shall be levied on dividend income distributed by not later than December 31, 2018, out of the dividend income distributed for investments prescribed by Presidential Decree and not exceeding ten million won per person, in a financial institution whose partners, members, etc. are comprised of farmers, fishermen, or other residents with a mutual tie, and dividend income distributed by such financial institution to its partners, members, etc. based on the records of use of its business

(hereafter referred to as "dividend income, etc." in this Article), and either of the following rates shall apply to dividend income, etc. distributed thereafter as the withholding tax rate, notwithstanding Article 129 of the Income Tax Act; but such dividend income, etc. shall not be added to the tax base of global income under Article 14 (2) of the same Act: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Dividend income, etc. distributed from January 1, 2019 to December 31, 2019: 5/100;
2. Dividend income, etc. distributed on or after January 1, 2020: 9/100.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 88 - 6 Deleted. <by Act No. 9921, Jan. 1, 2010>

Article 89 (Special Taxation for Tax - Favored Comprehensive Savings)(1) Where a resident opens a savings account meeting each of the following requirements (hereinafter referred to as "tax - favored comprehensive savings") by December 31, 2014, the rate of withholding tax which applies to interest income and dividend income accrued from the relevant savings shall be 9/100, notwithstanding Article 129 of the Income Tax Act, and interest income and dividend income accrued from such savings shall not be included in global income in calculating the global income tax base, notwithstanding Article 14 of the Income Tax Act, and, no individual local income tax shall be imposed on such interest income and dividend income under the Local Tax Act: <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10854, Jul. 14, 2011; Act No. 11133, Dec. 31, 2011; Act No. 12153, Jan. 1, 2014>

1. That an account holder shall apply for tax credits when he/she opens an account of installment savings or deferred savings (including collective investment securities savings, mutual aid, insurance, savings in securities and savings in bonds prescribed by Presidential Decree) sold by a financial company, etc. falling under any of the items of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article);
2. That the contract period shall be at least one year;
3. That the total amount of contracts for the tax - favored comprehensive savings opened at all financial companies, etc. should not exceed either of the following

amounts: Provided, That the interest, dividend, etc. accruing from the tax - favored comprehensive savings that are transferred to principal shall be deemed the tax - favored comprehensive savings, but they shall not be included in calculation of the limit per capita of the total contracted amount:

(a) A person aged 20 years or over: Ten million won per capita;

(b) A person who falls under any subparagraph of Article 88 - 2 (1): 30 million won per capita.

(2) through (6) Deleted. <by Act No. 6538, Dec. 29, 2001 >

(7) Where an account holder terminates or withdraws his/her tax - favored comprehensive savings, or transfers the right thereto, within one year from its contract date, the relevant withholding agent shall withhold the difference between the tax amount withheld at source by applying paragraph (1) and the tax amount calculated under Article 129 of the Income Tax Act: Provided, That this shall not apply in cases unavoidable reasons prescribed by Presidential Decree, such as death of the account holder or emigration. <Amended by Act No. 9921, Jan. 1, 2010 >

(8) The method of calculating the total amount of contracts for the tax - favored comprehensive savings, the method of their operation and management, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010 >

[This Article Wholly Amended by Act No. 6045, Dec. 28, 1999]

Article 89 - 2 (Submission, etc. of Data on Tax - Favored Savings)(1) A financial institution, etc. handling any of the following savings accounts (hereafter in this Article, referred to as "institution handling tax - favored savings"), shall immediately notify the agency prescribed by Presidential Decree (hereinafter referred to as "agency collecting data on tax - favored savings") of the name and resident registration number of each depositor, details concerning the conclusion or termination of each savings contract and the transfer of rights to savings contracts, and other matters concerning the amendment of each contract (including the amount paid for insurance proceeds, deductibles, refund upon termination, and early withdrawal of savings insurance contracts referred to in subparagraph 2 (hereafter in this Article, referred to as " insurance proceeds, etc.)); the amounts deposited in and withdrawn from pension accounts referred to in subparagraph 4; and the amount

that does not fall under Article 20 - 3 (1) 2 of the Income Tax Act; hereinafter referred to as “ data on tax - favored savings ”) via electronic means, including computer systems: <Amended by Act No. 6867, May 10, 2003; Act No. 7003, Dec. 30, 2003; Act No. 7839, Dec. 31, 2005; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. Long - term savings for housing purchase, tax - free comprehensive savings, investments, tax - favored comprehensive savings, deposits in cooperatives, etc., asset - building savings, high - yield, high - risk investment trusts, long - term collective investment securities savings, collective investment securities savings only for investment in foreign stocks, and individual savings accounts referred to in Articles 87, 88 - 2, 88 - 5, 89, 89 - 3, and 91 - 14 through 91 - 18;

2. Savings insurance referred to in Article 16 (1) 9 of the Income Tax Act;

3. Lump - sum savings for farming and fishing households under the Act on Raising Lump - Sum Saving of Farming and Fishing Households;

4. Pension accounts referred to in Article 20 - 3 (1) 2 of the Income Tax Act.

(2) An institution handling tax - favored savings shall notify the agency collecting data on tax - favored savings, by the 20th day of the month after the end of each quarter, of the number of account holders, number of accounts, amount of deposits, and amount paid for insurance proceeds, etc. by type of savings.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013>

(3) The Commissioner of the National Tax Service may make an inquiry about, or request access to, or submission of, data on tax - favored savings held by depositors, to the agency collecting data on tax - favored savings.<Amended by Act No. 9921, Jan. 1, 2010>

(4) An institution handling tax - favored savings may make an inquiry to the agency collecting data on tax - favored savings about the total contract amounts and amount paid for insurance proceeds, etc. for the tax - favored savings accounts held by a depositor in other institutions handling tax - favored savings (including the beneficiaries in cases of trust, and the insured and beneficiaries in cases of insurance; hereafter in this Article, the same shall apply) and may, upon receipt of a written request or consent of the depositor, inquire about the details of the total

contract amounts and amount paid for insurance proceeds, etc. and inform the depositor thereabout.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013>

(5) The agency collecting data on tax - favored savings shall immediately process the data on tax - favored savings notified by the institutions handling tax - favored savings, build an information network on the contract amounts and amount paid for insurance proceeds, etc. of tax - favored savings and details thereof, by type of savings and by depositor, and shall comply with any request or inquiry made under paragraph (3) or (4).<Amended by Act No. 9921, Jan. 1, 2010; Act No. 11614, Jan. 1, 2013>

(6) The agency collecting data on tax - favored savings shall retain the data on tax - favored savings for three years following the year in which each tax - favored savings account is closed. No person employed by an institution handling tax - favored savings or the agency collecting data on tax - favored savings (hereafter in this Article, referred to as "employee of a financial institution, etc."), shall provide or divulge information or data on the tax - favored savings (hereafter in this Article, referred to as "data, etc.") to any third person without a written request or consent of the relevant depositor; and no one shall request any employee of a financial institution, etc. to provide such data, etc.: Provided, That this shall not apply where such data, etc. is requested or provided under paragraph (3) of this Article and each subparagraph of Article 4 (1) of the Act on Real Name Financial Transactions and Confidentiality.<Amended by Act No. 9921, Jan. 1, 2010>

[This Article Wholly Amended by Act No. 6538, Dec. 29, 2001]

Article 89 - 3 (Low Rate of Taxation on Deposits in Cooperatives, etc.)(1) Where a resident aged 20 years or over as at the time of deposit makes a deposit prescribed by Presidential Decree (limited to a deposit not exceeding 30 million won per person; hereinafter referred to as "deposit in a cooperative, etc.") in a cooperative, etc. whose members, partners, etc. are comprised of farmers, fishermen, and other residents with a mutual tie, no income tax shall be levied on an interest income accrued from the deposit in the cooperative, etc. for the period from January 1, 2007 to December 31, 2018; the tax rate of 5/100 shall apply to such interest income accrued for the period from January 1, 2019 to December 31, 2019, notwithstanding Article 129 of the Income Tax Act; such interest income shall neither be included in the tax base of the global income calculated under Article 14 (2) of the Income Tax

Act, nor be subject to individual local income tax under the Local Tax Act.

<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(2) The tax rate of 9/100 shall apply to the interest income accrued from the deposit in a cooperative, etc. by not later than January 1, 2020, notwithstanding Article 129 of the Income Tax Act; and such income shall neither be included in the tax base of the global income calculated under Article 14 (2) of the same Act, nor be subject to individual local income tax under the Local Tax Act.<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 90 Deleted. <by Act No. 6045, Dec. 28, 1999>

Article 90 - 2 (Penalty Tax on Failure to Submit Tax - favored Data)(1) Where a person who is obliged to submit tax - favored data or notify data on tax - favored savings under Article 87 - 5 (5), 87 - 6 (4), 88 - 4 (11), 89 - 2 (1), or 91 - 6 (4) fails to submit the tax - favored data or to notify the data on tax - favored savings, within the period prescribed in the relevant Article (15 days from the occurrence of the cause of notification, in cases falling under Article 89 - 2 (1)), or where the tax - favored data or data on tax - favored savings submitted or notified, are found ambiguous on any of the grounds prescribed by Presidential Decree, 2,000 won for each contract or termination, in regard to which such data have not been submitted or notified or have been found ambiguous, shall be added to the amount of tax payable. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

(2) For the purposes of paragraph (1), a tax amount equivalent to 50/100 of the additional tax imposable shall be reduced where such data are submitted or notified by the end of the month following the month in which the last day of the period for submission of the tax - favored data or notification of the data on tax - favored savings falls.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 91 Deleted. <by Act No. 10406, Dec. 27, 2010>

Article 91 - 2 (Special Taxation for Collective Investment Schemes)

Where a collective investment scheme (limited to those meeting the requirements prescribed under Article 17 (1) 5 of the Income Tax Act) created under the Financial Investment Services and Capital Markets Act repurchases its collective investment securities (hereafter referred to as "collective investment securities" in this Article) defined in Article 9 (21) of the Financial Investment Services and Capital Markets Act, the transfer of collective investment securities to the collective investment scheme by investors shall not be deemed transfer under the Income Tax Act and Securities Transaction Tax Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 91 - 3 Deleted. <by Act No. 7003, Dec. 30, 2003>

Article 91 - 4 Deleted. <by Act No. 11614, Jan. 1, 2013>

Article 91 - 5 Deleted. <by Act No. 9921, Jan. 1, 2010>

Article 91 - 6 (Special Taxation on Dividend Income from Stocks of Overseas Resources

Development Investment Company, etc.)(1) If the total par value of stocks of an overseas resources development investment company or a specialized overseas resources development investment company established under Article 13 of the Overseas Resources Development Business Act (hereinafter referred to as "overseas resources development investment company, etc.") held by a resident does not exceed 200 million won, the resident needs not add the dividend income that he/she receives from the overseas resources development investment company, etc., for the holding of such stocks on or before December 31, 2016 to the tax base of his/her global income under Article 14 (2) of the Income Tax Act. If the total par value of stocks of an overseas resources development investment company, etc. does not exceed 50 million won in such cases, the tax rate of 9/100 shall apply to the dividend income from the holding of such stocks, notwithstanding Article 129 of the Income Tax Act. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

(2) If the stocks of an overseas resources development investment company, etc. are deposited with an investment trader or an investment broker and the overseas resources development investment company, etc. intends to distribute its dividend

income, it shall notify a statement of the non - taxable income and the income subject to separate taxation under paragraph (1), as prepared for each stockholder and each securities company, to the investment trader or the investment broker to which stockholders have entrusted the sale or purchase of the stocks, directly or through the Korea Securities Depository, immediately after passing a resolution on distribution of dividend income and the investment trader or the investment broker shall either levy no tax or withhold tax, as notified.

(3) If the stocks of an overseas resources development investment company, etc. are not deposited with an investment trader or an investment broker, the overseas resources development investment company, etc. shall withhold tax, directly or through its transfer agency, upon classifying each stockholder ' s income into non - taxable income and income subject to separate taxation.

(4) If the withholding agent referred to in paragraphs (2) and (3) directly pays the dividend income of an overseas resources development investment company, etc., the withholding agent shall submit, to the head of the tax office having jurisdiction over the withholding tax, a statement of non - taxable income and income subject to separate taxation on the dividend income of the overseas resources development investment company, etc. in the form prescribed by Ordinance of the Ministry of Strategy and Finance by no later than the end of the month immediately following the end of the quarter in which the payment date of the dividend income falls.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 91 - 7 Deleted. <by Act No. 12853, Dec. 23, 2014 >

Article 91 - 8 Deleted. <by Act No. 10406, Dec. 27, 2010 >

Articles 91 - 9 through 91 - 11 Deleted.<by Act No. 12853, Dec. 23, 2014 >

Article 91 - 12 (Special Taxation on Investment Trusts, etc. for Exclusive Use of

Overseas Koreans)(1) No income tax shall be imposed on the dividend income accruing from the investment of up to 100 million won in each investment trust, etc. for exclusive use of overseas Korean among the dividend income accrued to an overseas Korean prescribed by Presidential Decree having no domestic place of business under Article 120 of the Income Tax Act by no later than December 31, 2012 after opening an account for investment trusts and investment companies for

exclusive use of overseas Koreans prescribed by Presidential Decree (hereafter referred to as "investment trusts, etc. for exclusive use of overseas Koreans" in this Article) on or before December 31, 2010, notwithstanding Article 156 (1) 3 of the Income Tax Act, and the tax rate of 5/100 shall be applied to the dividend income accruing from the amount of investment exceeding 100 million won.

(2) Where an account holder of an investment trust, etc. for exclusive use of overseas Koreans sells the investment trust, etc. for exclusive use of overseas Koreans or transfers the right thereto within one year from the date of entering into a contract, the withholding agent shall withhold the tax according to the following, notwithstanding paragraph (1): Provided, That this shall not apply where the account holder dies or other inevitable causes prescribed by Presidential Decree arise:

1. Where the closing date does not come during the period from the date of entering into the contract to the date of sale or stock transfer: Withhold the tax at the tax rate prescribed under Article 156 (1) 3 of the Income Tax Act;
2. Where the closing date falls in the period from the date of entering into the contract to the date of sale or stock transfer, and no tax is imposed on the interest divided on the same closing date under paragraph (1) or taxes are withheld at the tax rate of 5/100: Additionally withhold the difference between the taxes imposed under paragraph (1) and the taxes imposed under Article 156 (1) 3 of the Income Tax Act.

(3) Requirements for overseas Koreans and investment trusts, etc. for exclusive use of overseas Koreans, documents to be submitted when opening an account, and other necessary issues shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 91 - 13 Deleted. <by Act No. 12173, Jan. 1, 2014>

Article 91 - 14 (Non - Taxation on Asset - Building Savings)(1) A resident who opens a savings account that fully meets the following conditions (hereafter referred to as "asset - building savings account" in this Article) by not later than December 31, 2015 is exempt from income tax on the interest income and dividend income accrued from the relevant savings account: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. As at the time the resident opens an asset - building savings account:
 - (a) His/her gross wages in the immediately preceding taxable period shall not exceed 50 million won (limited to where such resident either has earned income only, or earned income and global income not added to the tax base of global income, in immediately preceding taxable period);
 - (b) His/her global income added to the tax base of global income in the immediately preceding taxable period shall not exceed 35 million won (limited to where such resident has earned income or business income in the immediately preceding taxable period), if such resident does not fall under item (a);
2. The type of the savings account shall be an installment savings account offered by financial companies, etc. referred to in the items of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article), which is transacted through a bankbook bearing an indication that it is for the asset - building savings account subject to no income tax;
3. The contract period shall be seven years;
4. The amount of deposit to be made in a quarter shall be up to three million won per person (referring to the total amount of all asset - building savings accounts held by the resident). In such cases, the quarterly deposit shall be made only in the corresponding quarter, but in cases of insurance or mutual aid, the amount that should have been deposited in the interim may be deposited by no later than two years and two months from the last day of the month in which the date of the last deposit falls.
 - (2) An holder of an asset - building savings account may renew the maturity of the savings account for up to three years only on one occasion, upon the arrival of the seventh anniversary of the date of opening such asset - building savings account. In such cases, no income tax shall be imposed on the interest income and dividend income accrued from the savings account until the maturity so extended.
 - (3) Where a resident who has an asset - building savings account withdraws the principal, interest, etc. from the savings account, closes the account, or transfers the account to any third person, earlier than the date classified below, the financial company, etc. that handles such savings account (hereafter referred to as "institution handling savings accounts" in this Article) shall additionally collect the amount by

which the income tax on interest income and dividend income was reduced or exempted: Provided, That the same shall not apply where the resident closes his/her savings account due to the account holder's death or emigration abroad or any other ground prescribed by Presidential Decree: <Amended by Act No. 12853, Dec. 23, 2014>

1. In cases of the following residents as at the time of opening an account: The third anniversary of the date of signing the initial contract:

- (a) A resident falling under paragraph (1) 1 (a), whose gross wages in the immediately preceding taxable period does not exceed 25 million won;
- (b) A resident falling under paragraph (1) 1 (b), whose global income added to the tax base of his/her global income in the immediately preceding taxable period does not exceed 16 million won;
- (c) A youth (excluding the residents specified in items (a) and (b)) prescribed by Presidential Decree, among those who work for any enterprise prescribed by Presidential Decree, which is a small or medium enterprise as defined under Article 2 of the Framework Act on Small and Medium Enterprises (including non-profit corporations);

2. In cases of any resident other than those prescribed in subparagraph 1: The seventh anniversary of the date of signing the initial contract.

(4) An institution handling savings accounts shall give written notice to the account holder immediately after collecting the additional tax pursuant to paragraph (3).

(5) An institution handling savings accounts that fails to pay the additional tax computed under paragraph (3) by the prescribed deadline or underpays it, shall pay an additional amount equivalent to 10/100 of the amount of tax unpaid or underpaid to the head of the tax office having jurisdiction over withholding.

(6) The Commissioner of National Tax Service shall verify whether a person who has an asset-building savings account meets either of the conditions provided in under paragraph (1) 1 as at the time of opening such account and notify the institution handling the savings accounts of the findings thereof.

(7) Where an institution handling savings accounts is notified under paragraph (6) that a holder of an asset-building savings account fails to meet either of the conditions provided in under paragraph (1) 1, such asset-building savings account shall be deemed terminated on the date of such notification, and the institution handling savings accounts shall notify the holder of the asset-building savings

account of such fact. In such cases, paragraphs (3) through (5) shall not apply.

(8) Procedures for opening the asset - building savings account, the verification and management of persons eligible to open such account, termination of such account, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 91 - 15 (Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)(1)

Where a resident opens an account in an investment trust, etc. prescribed by Presidential Decree (hereinafter referred to as "high - yield, high - risk investment trust, etc.") which consists of at least a fixed ratio of the bonds prescribed by Presidential Decree or stock certificates prescribed by Presidential Decree, by not later than December 31, 2017, the resident need not add the interest income or dividend income received from an investment trust, etc. with the amount invested per person, not exceeding 30 million won (referring to the total investment in investment trusts, etc. of all finance companies), to the tax base of his/her global income under Article 14 (2) of the Income Tax Act. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Where a non - resident subject to global taxation under Article 121 (2) or (5) of the Income Tax Act, opens an account in a high - yield, high - risk investment trust by not later than December 31, 2014, the non - resident need not add the interest income or dividend income received from an investment trust, etc. with the amount invested per person, not exceeding 50 million won (referring to the total investment in investment trusts, etc. of all finance companies), to the tax base of his/her global income under Article 122 of the Income Tax Act.

(3) The contract term of a high - yield, high - risk investment trust, etc. shall be at least one to three years, and paragraphs (1) and (2) shall not apply to the income accruing after three years from the date of signing the contract.

(4) Paragraphs (1) and (2) shall not apply where a person who has an account in a high - yield, high - risk investment trust, cancels or redeems the high - yield, high - risk investment trust, or transfers his/her right to such trust within one year from the date of signing the contract: Provided, That the same shall not apply where the account holder dies or emigrates or in extenuating circumstances prescribed by Presidential Decree.

(5) Methods for opening an account in a high - yield, high - risk investment trust; methods for calculating the holding ratio; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 91 - 16 (Income Deductions for Long - Term Collective Investment Securities

Savings)(1) Where a resident who has earned income (excluding daily employed workers) opens a savings account which meets each of the following requirements (hereafter referred to as "long - term collective investment securities savings" in this Article) by no later than December 31, 2015, an amount equivalent to 40/100 of the amount paid in each taxable period for ten years from the date of opening the account shall be deducted from the total amount of the earned income in the relevant taxable year (up to the amount of earned income in the relevant taxable year):

1. That the resident shall have gross pay not exceeding 50 million won during the immediately preceding taxable period (limited to where he/she has earned income only, or global income not added to the earned income or tax base of global income, during the immediately preceding taxable period) as at the time he/she opens an account for long - term collective investment securities savings;
2. That the savings are to acquire collective investment securities issued by a collective investment scheme referred to in Article 17 (1) 5 of the Income Tax Act which invests at least 40/100 of its total amount of assets in stocks issued and traded in the Republic of Korea (limited to the stocks listed on a securities market under the Financial Investment Services and Capital Markets Act);
3. That the contract term of the long - term collective investment securities savings shall be at least ten years, and its principal, interest, dividend, stocks or beneficiary securities, etc. shall not be withdrawn within ten years from the opening date of the account for such savings;
4. That it shall be an installment savings deposit with the maximum annual deposit of up to six million won per person (referring to the total amount deposited by the account holder in all long - term collective investment securities savings).

(2) Notwithstanding paragraph (1), where a resident who has an account for long - term collective investment securities savings falls within any of the following cases, no income deduction under paragraph (1) shall be made for the relevant taxable

period:

1. Where the resident has earned income only, or global income not added to the earned income or tax base of global income, during the immediately preceding taxable period, and his/her gross pay during the immediately preceding taxable period exceeds 80 million won;

2. Where the resident has no earned income during the relevant taxable period.

(3) Any resident who intends to secure income deductions pursuant to paragraph (1) shall present a payment certificate of long - term collective investment securities savings issued by the financial company dealing in the long - term collective investment securities savings (hereafter referred to as "savings institution" in this Article) wherein the amount of savings deposited in the relevant year is stated, which is necessary to secure the income deductions, to the relevant withholding agent or the head of the tax office having jurisdiction over the place of his/her domicile when he/she makes a year - end settlement of the amount of earned income when he/she makes a year - end settlement of the amount of earned income tax, etc., or files a final return on the tax base of his/her gross income.

(4) Where a person who has an account for long - term collective investment securities savings fully or partially withdraws the principal, interest, dividend, stocks, beneficiary certificates, etc., or terminates or transfers the relevant savings contract to any third person (hereafter referred to as "termination" in this Article) within ten years from the date of opening such account, no income deductions shall be granted under paragraph (1) from the relevant taxable period.

(5) Where a person who has an account for long - term collective investment savings terminates the account within five years from the date of opening such account, the savings institution shall additionally collect an amount computed by multiplying the accumulated total amount paid to the relevant savings account by six percent (hereafter referred to as "additional tax") and pay it to the head of the tax office having jurisdiction over the withholding no later than 10th day of the month following the month in which such savings account is terminated: Provided, That the same shall not apply where the savings account is terminated due to account holder's death, emigration to a foreign country or unavoidable circumstances prescribed by Presidential Decree, and where a person who has benefited from income deductions verifies that the amount of tax reduced or exempted based on such income

deductions falls short of the additional tax, an amount equivalent to the tax amount actually reduced or exempted shall be collected additionally.

(6) Where a savings institution collects additional tax pursuant to paragraph (5), it shall notify the relevant account holder of the details thereof in writing.

(7) Where a savings institution fails to pay, or underpay, additional tax computed under paragraph (5) by the prescribed deadline, it shall pay an additional amount equivalent to 10/100 of the amount of tax unpaid or underpaid to the head of the tax office having jurisdiction over the withholding.

(8) The Commissioner of National Tax Service shall verify whether a person who opens an account for long - term collective investment securities savings meets the requirements of paragraph (1) 1 as at the time of opening such account, and notify the relevant savings institution of the result thereof.

(9) Where a savings institution is notified, pursuant to paragraph (8), that an account holder of long - term collective investment securities savings fails to meet the requirements of paragraph (1) 1, such long - term collective investment securities savings shall be deemed terminated on the date of receipt of such notification, and the relevant savings institution shall notify the account holder of long - term collective investment securities savings of such fact.

(10) No income deductions under paragraph (1) shall apply to savings, etc. subject to special taxation under this Act, including non - taxation, or subject to Article 20 - 3 (1) 2 of the Income Tax Act.

(11) Procedures for opening an account for long - term collective investment securities savings, verification and management of persons eligible to open such account, termination of accounts, procedures for income deductions, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 91 - 17 (Special Taxation for Collective Investment Schemes Only for Investment in Foreign Stocks)(1) Where a resident invests in collective investment securities defined under Article 9 (21) of the Financial Investment Services and Capital Markets Act (hereafter referred to as "collective investment securities" in this Article) and issued by a collective investment scheme under Article 17 (1) 5 of the Income Tax Act, which invests at least 60/100 of its total assets in stocks issued and

traded overseas (hereafter referred to as "stocks listed on a foreign exchange" in this Article) (hereafter referred to as "collective investment scheme only for investment in foreign stocks" in this Article), by not later than December 31, 2017, the gains or losses on the sale or valuation of the stocks listed on a foreign exchange (including gains and losses on fluctuation of foreign exchanges), acquired by the collective investment scheme only for investment in foreign stocks, either directly or through investment in collective investment securities (including foreign collective investment securities defined under Article 279 (1) of the Financial Investment Services and Capital Markets Act), shall not be included in the dividend income distributed by the collective investment scheme only for investment in foreign stocks until the tenth anniversary of the day the resident opens an account for collective investment securities savings only for investment in foreign stocks, notwithstanding Article 17 (1) 5 of the Income Tax Act, if the following conditions are fully satisfied:

1. The resident shall open an account prescribed by Presidential Decree for collective investment securities savings only for investment in foreign stocks (hereafter referred to as "account for collective investment securities savings only for investment in foreign stocks" in this Article) and shall invest in collective investment securities issued by a collective investment scheme only for investment in foreign stocks through the account for collective investment securities savings only for investment in foreign stocks;
2. The principal deposited by each resident in accounts for collective investment securities savings only for investment in foreign stocks shall not exceed 30 million won (referring to the sum of the amounts deposited in the accounts opened with all financial companies, etc. defined under subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality for collective investment securities savings only for investment in foreign stocks);

(2) The requirements for collective investment securities savings only for investment in foreign stocks, stocks listed on a foreign exchange, and collective investment schemes only for investment in foreign stocks, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 91 - 18 (Special Taxation for Individual Savings Accounts)(1) Where any of the following residents (limited to persons whose total income, as referred to in Article 14 (3) 6 of the Income Tax Act, for the immediately preceding taxable period, does not exceed 20 million won), opens an account that fully meets the requirements provided under paragraph (3) (hereafter in this Article, referred to as "individual savings account") by not later than December 31, 2018, no income tax shall be levied on up to two million won for the aggregate of interest income and dividend income accruing from the account (hereafter in this Article, referred to as "interest income, etc."); and the tax rate of 9/100 shall apply to the amount exceeding two million won, notwithstanding Article 129 of the Income Tax Act, and such interest income, etc. shall not be added to the tax base of global income defined in Article 14 (2) of the same Act:

1. A person who has business income defined in Article 19 of the Income Tax Act for the immediately preceding taxable period or the relevant taxable period (excluding persons who have non - taxable income only; hereafter in this Article, the same shall apply);
2. A person who has earned income defined in Article 20 of the Income Tax Act for the immediately preceding taxable period or the relevant taxable period (excluding persons who have non - taxable income only; hereafter in this Article, the same shall apply);
3. A farmer or fisherman prescribed by Presidential Decree, among persons not falling under subparagraph 1 or 2.

(2) Where any of the following applies to a resident who has an individual savings account as at the time of opening the individual savings account, no income tax shall be levied on up to 2,500,000 won for the total interest income, etc., notwithstanding paragraph (1); and the tax rate of 9/100 shall apply to the amount exceeding 2,500,000 won, notwithstanding Article 129 of the Income Tax Act, and such interest income, etc. shall not be added to the tax base of global income defined in Article 14 (2) of the same Act:

1. A resident whose gross wages for the immediately preceding taxable period do not exceed 50 million won (limited to persons who have earned income only, or earned income and global income not added to the tax base of global income for the immediately preceding taxable period);

2. A resident whose global income added to the tax base of global income during the immediately preceding taxable period does not exceed 35 million won (limited to persons whose gross wages during the immediately preceding taxable period do not exceed 50 million won).

(3) "Individual savings account" means an account that fully meets the following requirements: <Amended by Act No. 14390, Dec. 20, 2016 >

1. A person shall open only one account;
2. The account shall be either a trust account opened as an individual savings account under a specified money trust contract entered into with a trust business entity defined in Article 8 (7) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "trust business entity") or any other similar account opened as an individual savings account under a contract entered into with a financial investment business entity defined in Article 8 of the Financial Investment Services and Capital Markets Act, and prescribed by Presidential Decree (hereafter in this Article, referred to as "financial investment business entity");
3. The account shall be operated with the following assets:
 - (a) Bank deposits, installment bank deposits, deposits, and other similar financial instruments prescribed by Presidential Decree;
 - (b) Collective investment securities of collective investment schemes defined in Article 17 (1) 5 of the Income Tax Act;
 - (c) Securities or certificates taxable under Article 17 (1) 9 of the Income Tax Act;
 - (d) Other assets determined by Presidential Decree;
4. The term of the contract shall be five years;
5. The maximum annual deposit per person shall be 20 million won (in cases of a resident who has an asset - building savings account under Article 91 - 14 or an account for long - term collective investment securities savings under Article 91 - 16, the maximum deposit shall be determined by subtracting the aggregate of agreed, annual deposits in the account that the resident has for the asset - building savings or long - term collective investment securities savings from 20 million won per annum).

(4) For the purposes of paragraph (1) or (2), the aggregate of interest income, etc. shall be calculated by subtracting losses incurred to the assets listed under

paragraph (3) 3 from the interest income, etc. accruing from the assets listed under paragraph (3) 3 as at the date of expiration of the term of the contract for the individual savings account, the date of termination of the contract, or the date of withdrawal of assets, whichever comes first, by the method prescribed by Presidential Decree.

(5) Notwithstanding Articles 130 and 155 - 2 of the Income Tax Act, a trust business entity or a financial investment business entity (hereafter in this Article, referred to as "trust business entity, etc."), shall withhold income tax on interest income, etc. on the date of expiration of the term of the contract for an individual savings account, the date of termination of a contract, or the date of withdrawal of assets, whichever comes first. <Amended by Act No. 14390, Dec. 20, 2016>

(6) Where a holder of an individual savings account terminates the contract for the individual savings account (excluding terminating the contract due to extenuating circumstances prescribed by Presidential Decree, such as the account holder's death or emigration) or withdraws assets from the individual savings account prior to the date classified as follows, the relevant trust business entity, etc. shall additionally collect an amount of tax equivalent to the income tax for which special taxation has been granted to the account holder and shall pay the amount to the head of the tax office having jurisdiction over the withholding, by not later than the tenth day of the month immediately following the month in which such assets are withdrawn or the contract is terminated. If the trust business entity, etc. fails to pay such amount by the deadline or underpays, such trust business entity, etc. shall additionally pay the equivalent to 10/100 of the amount of tax unpaid or underpaid: <Amended by Act No. 14390, Dec. 20, 2016>

1. Any of the following residents as at the time of opening an individual savings account: The third anniversary from the date of signing the initial contract:
 - (a) A youth prescribed by Presidential Decree;
 - (b) A resident specified in paragraph (2) 1 or 2;
 - (c) A person who receives a subsidy upon filing an application for support for asset - building under Article 18 - 4 of the National Basic Living Security Act;
2. A resident, other than those referred to subparagraph 1: The fifth anniversary from the date of signing the initial contract.

(7) Where a trust business entity, etc. collects an additional amount of tax under paragraph (6), it shall give written notice of details thereof immediately to the holder of the relevant individual savings account. <Amended by Act No. 14390, Dec. 20, 2016>

(8) The Commissioner of the National Tax Service shall verify whether each holder of an individual savings account meets the requirements of paragraphs (1) 1 and 2, (2), and (6) 1 (b) as at the time of opening the account and shall notify the relevant trust business entity, etc. of the findings thereof. <Amended by Act No. 14390, Dec. 20, 2016>

(9) If a trust business entity, etc. is notified that a holder of an individual savings account fails to meet the requirements of paragraph (1) 1 and 2 pursuant to paragraph (8), the individual savings account shall be deemed terminated on the date of notice; and the trust business entity, etc. shall notify the holder of the individual savings account thereof. <Amended by Act No. 14390, Dec. 20, 2016>

(10) Procedures for opening an individual savings account; methods for verifying and managing persons eligible to open such account; methods for calculating interest income, etc.; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

SECTION 10 Special Taxation for Stabilization of National Living

Article 92 Deleted. <by Act No. 9272, Dec. 26, 2008>

Article 93 Deleted. <by Act No. 8827, Dec. 31, 2007>

Article 94 (Tax Credits for Investment in Facilities for Promoting Workers' Welfare)(1) If a national prescribed by Presidential Decree acquires (including new construction, extension, renovation, or purchase; hereafter in this Article, the same shall apply) any of the following facilities by not later than December 31, 2018, to promote housing stability or other welfare of his/her employees, the national is entitled to a tax credit by the equivalent to 7/100 (or 10/100, if the acquiring person is a small or medium enterprise or if such national acquires any of the facilities specified in subparagraph 1 or 2, which is housing prescribed by Presidential Decree in any area outside the Seoul Metropolitan area or the facilities specified in subparagraph 3) of

the acquisition price of the facility (excluding the acquisition price of land appurtenant to such facility) from income tax (limited to income tax on business income) or corporate tax levied for the taxable year in which the date of acquisition falls: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10789, Jun. 7, 2011; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. National housing to be rented to employees, who are non - homeowners (excluding the executives who are equity investors);
2. A dormitory for employees;
3. A workplace child - care center established under the Infant Care Act;
4. Facilities prescribed by Presidential Decree for promoting the convenience of persons with disabilities, elderly persons, or pregnant women;
5. Facilities prescribed by Presidential Decree for the rest or health training of employees;
6. A medical institution established as an affiliated institution under Article 35 of the Medical Service Act for employees' health care.

(2) Matters necessary for calculating tax credits, where a national acquires both national housing specified in paragraph (1) 1 and other houses, or where the national acquires both a dormitory specified in paragraph (1) 2 and other buildings, shall be prescribed by Presidential Decree.

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

(4) Where a person who had an income tax or corporate tax credit under paragraph (1) or (2), converts the purpose of the assets for any other purpose within five years from the date of completion or purchase of the assets, the person shall pay, as income tax or corporate tax, the amount of the tax credit for the asset plus an additional amount equivalent to the interest calculated as prescribed by Presidential Decree, at the time of filing his/her tax return for the taxable year in which the date of conversion falls; and the amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act.

<Amended by Act No. 12853, Dec. 23, 2014 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 95 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 95 - 2 (Tax Credits for Monthly Rents)(1) Where the head of a household prescribed by Presidential Decree (referring to a member of a household, if the head of the household is ineligible for the tax credit under this paragraph, Article 87 (2) of this Act, or Article 52 (4) or (5) of the Income Tax Act), who does not own a house as at the end of a taxable period, is a worker whose gross wages, as earned income, for the relevant taxable period do not exceed 70 million won (excluding the persons whose global income to be added to the tax base of global income for the relevant taxable period exceeds 60 million won) and pays a monthly rent prescribed by Presidential Decree, an amount equivalent to 10/100 of the monthly rent shall be deducted from the amount of global income tax computed for the relevant taxable period: Provided, That, if such monthly rent exceeds 7,500,000 won, the excess shall be deemed nil.

(2) A tax credit under paragraph (1) shall apply when the relevant resident files an application therefor, as prescribed by Presidential Decree.

(3) The application of a tax credit under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 96 (Tax Reduction or Exemption for Small - Housing Rental Business Operators)

(1) Where a national prescribed by Presidential Decree leases at least three units of rental housing prescribed by Presidential Decree (hereafter in this Article, referred to as "rental housing"), the resident is entitled to a tax reduction by the equivalent to 30/100 (or 75/100, 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.)) of the income tax or corporate tax on income accruing from the relevant rental business for the taxable years that end as at December 31, 2019. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13499, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Where a national granted a reduction of income tax or corporate tax under paragraph (1), 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.), as prescribed by Presidential Decree, the national shall pay the amount of tax reduced, as income tax or corporate tax, at the time of filing his/her tax return for the taxable year in which the relevant ground arises. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

(3) The provisions concerning an additional amount equivalent to interest under Article 33 - 2 (4), shall apply mutatis mutandis where a national pays the amount of income tax or corporate tax reduced pursuant to paragraph (1) as prescribed in paragraph (2): Provided, That the same shall not apply in extenuating circumstances prescribed by Presidential Decree.

(4) Any person who intends to be granted a reduction of income tax or corporate tax under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) For the purposes of paragraphs (1) through (4), the number of rental housing units; filing an application for tax reductions; methods for calculating the interest on the amount of income tax or corporate tax reduced; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014> [This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 97 (Capital Gains Tax Reduction or Exemption for Long - Term Rental Housing Units)

(1) Where a resident prescribed by Presidential Decree transfers any of the following national housing units (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the building thereon) to any third person after leasing it for at least five years since the commencement of leasing on or before December 31, 2000, the resident is entitled to a tax reduction by 50/100 of the capital gains tax on the income that accrues from the transfer of the housing unit (hereinafter referred to as “ rental housing unit ”): Provided, That a resident is entitled to a full exemption from capital gains tax, if the resident transfers a rental housing unit leased for at least five years, among the built - to - rent housing units under the Special Act on Private Rental Housing or the Special Act on Public Housing; a rental housing unit leased for at least five years after acquiring it on or after January 1, 1995 and leasing it since then (limited to houses that had never been occupied by any person as at the time of acquisition), among buy - to - rent housing

units under either of the same Acts; or a rental house unit leased for at least ten years: <Amended by Act No. 13499, Aug. 28, 2015>

1. A house newly built during the period from January 1, 1986 to December 31, 2000;
 2. A multi - family housing unit newly built on or before December 31, 1985 that had never been occupied by any person as of January 1, 1986.
- (2) For the purposes of Article 89 (1) 3 of the Income Tax Act, a rental housing unit shall not be deemed a house owned by a resident.
- (3) Any person who intends to obtain a capital gains tax reduction or exemption as prescribed in paragraph (1) shall file a report on housing lease and file an application therefor, as prescribed by Presidential Decree.
- (4) The calculation of the rental period of a rental house unit under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 97 - 2 (Special Taxation for Capital Gains Tax Reduction or Exemption for Newly - Built Rental Housing Units)

(1) Where a resident prescribed by Presidential Decree transfers any of the following national housing units (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the building thereon) to any third person after leasing it for at least five years, the resident is entitled to a full exemption from the capital gains tax on the income accruing from the transfer of the house (hereafter referred to as "newly - built rental housing unit" in this Article): <Amended by Act No. 13499, Aug. 28, 2015>

1. Either of the following built - to - rent housing units under the Special Act on Private Rental Housing or the Special Act on Public Housing:
 - (a) A house newly built during the period from August 20, 1999 to December 31, 2001;
 - (b) A multi - unit house newly built on or before August 19, 1999 that has never been occupied by any person as of August 20, 1999;
2. Either of the following rental housing units acquired on or after August 20, 1999 (limited to where a purchase contract was concluded and a down payment was made during the period from August 20, 1999 to December 31, 2001) and leased since then, among buy - to - rental housing units under the Special Act on Private

Rental Housing or the Special Act on Public Housing (limited to houses that had never been occupied by any person as at the time of acquisition):

(a) A house newly built during the period from August 20, 1999 to December 31, 2001;

(b) A house falling under subparagraph 1 (b).

(2) Article 97 (2) through (4) shall apply mutatis mutandis to newly - built rental housing unit.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 97 - 3 (Special Taxation for Capital Gains Tax on Quasi - Public Rental Housing, etc.)

(1) Where a resident prescribed by Presidential Decree fully meets the following requirements by registering a corporate rental housing unit defined under subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or a quasi - public rental housing unit defined under subparagraph 5 of Article 2 of the same Act, the deduction rate of 50/100 shall apply to the income that accrues from the transfer of such unit (hereafter referred to as "quasi - public rental housing unit, etc." in this Article), for the purposes of computing a special deduction for long - term holding under Article 95 (1) of the Income Tax Act, notwithstanding Article 95 (2) of the same Act: Provided, That the deduction rate of 70/100 shall apply where the resident transfers the quasi - public rental housing unit, etc. to any third person after leasing it for at least ten consecutive years: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13499, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015>

1. The resident shall transfer the housing unit after leasing for at least eight consecutive years;

2. The resident shall comply with the requirements, etc. for restrictions on the increase of rental deposits or rents prescribed by Presidential Decree.

(2) Any person who intends to be accorded special tax treatment under paragraph (1) shall file a report on housing lease and an application therefor, as prescribed by Presidential Decree.

(3) The calculation of the rental periods of rental housing units under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 97 - 4 (Special Taxation for Capital Gains Tax on Long - Term Rental Housing

Units)(1) Where a resident or non - resident transfers a housing unit prescribed by Presidential Decree after leasing it for at least six years, among private rental housing units built under subparagraph 2 of Article 2 of the Special Act on Private Rental Housing; private rental housing units purchased under subparagraph 3 of Article 2 of the same Act; public rental housing units built under subparagraph 1 - 2 of Article 2 of the Special Act on Public Housing; and public rental housing units purchased under subparagraph 1 - 3 of Article 2 of the Special Act on Public Housing, to any third person, a deduction rate computed by adding the following additional deduction rate applicable depending on the rental period of the relevant housing unit, to the deduction rate applicable to the relevant holding period under Article 95 (2) of the Income Tax Act, shall apply to the income accruing from the transfer of such housing unit, for the purposes of computing a special deduction for long - term holding under Article 95 (1) of the same Act: Provided, That the same shall not apply in cases falling under the proviso to Article 95 (2) of the same Act: <Amended by Act No. 13499, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015 >

Rental Periods Additional Deduction Rates
No less than six, but less than seven years 2/100
No less than seven, but less than eight years 4/100
No less than eight, but less than nine years 6/100
No less than nine, but less than ten years 8/100
Ten years or more 10/100

(2) Any person who intends to be accorded special tax treatment under paragraph (1) shall file a report on housing lease and an application therefor, as prescribed by Presidential Decree.

(3) The calculation of the rental periods of rental housing units under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 97 - 5 (Capital Gains Tax Reductions or Exemptions for Quasi - Public Rental

Housing Units, etc.)(1) Where a resident transfers a corporate rental housing unit defined under subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or a quasi - public rental housing unit defined under subparagraph 5 of Article 2 of the same Act (hereafter referred to as "quasi - public rental housing unit, etc." in this Article), the resident is entitled to a full exemption from the capital gains

tax on the income accruing from the transfer during the period of lease, as prescribed by Presidential Decree, if the following conditions are fully met:

<Amended by Act No. 13499, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015>

1. The resident shall acquire (including where the purchase agreement is concluded and a down payment is made by not later than December 31, 2017) a private rental housing unit purchased under subparagraph 3 of Article 2 of the Special Act on Private Rental Housing or a public rental housing unit purchased under subparagraph 1 - 3 of Article 2 of the Special Act on Public Housing by not later than December 31, 2017, and such housing unit shall be registered as a quasi - public rental housing unit, etc. under the Special Act on Private Rental Housing within three months from the date of acquisition;
2. The resident shall transfer a quasi - public rental housing unit, etc. after leasing it as a quasi - public rental housing unit, etc. for at least ten consecutive years after registration;
3. The resident shall comply with the requirements of Article 97 - 3 (1) 2 during the lease period.

(2) No tax exemption under paragraph (1) shall apply concurrently with the special taxation for capital gains tax on quasi - public rental housing units, etc. under Article 97 - 3 and the special taxation for capital gains tax on long - term rental housing units under Article 97 - 4. <Amended by Act No. 13560, Dec. 15, 2015>

(3) Any person who intends to obtain a tax exemption under paragraph (1) shall file a report on housing lease and an application for special taxation, as prescribed by Presidential Decree.

(4) The calculation of the rental periods of rental housing units under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 97 - 6 (Special Taxation, etc. on In - Kind Investors in Real Estate Investment Companies for Rental Housing)

(1) Where a national makes an investment in kind with land or a building as specified in Article 94 (1) 1 of the Income Tax Act, in a real estate investment company for rental housing prescribed by Presidential Decree (hereafter in this Article, referred to as "real estate investment company for rental housing"), by not later than December 31, 2017, the national may defer the payment

of capital gains tax or the imposition of corporate tax on the equivalent to the gains accruing from such investment in kind with the land or building, as prescribed by Presidential Decree (limited to the gains accruing from the portion used for rental housing after the investment in kind, as prescribed by Presidential Decree), if the following conditions are fully met:

1. The investment in kind shall be made within one year from the date of business authorization under Article 9 (1) of the Real Estate Investment Company Act (in cases of amended authorization, limited to amended authorization for additional investment in kind after the initial business authorization);

2. The national shall receive stocks in full consideration for the investment in kind.

(2) In any of the following cases, a national subject to paragraph (1) shall pay the amount of capital gains tax deferred within two months (within three months in cases of donation under subparagraph 4; or within six months in cases of inheritance) from the end of the month in which the relevant ground arises, as prescribed by Presidential Decree, if the national is a resident; or shall include the amount granted deferred taxation in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises, if the national is a domestic corporation: <Amended by Act No. 14390, Dec. 20, 2016>

1. Where the national disposes of all or some of the stocks received in consideration for his/her investment in kind (excluding where the resident donates stocks, or stocks are inherited upon the death of the resident as prescribed in subparagraph 4);

2. Where the real estate investment company for rental housing, which has received an investment in kind, is dissolved under Article 44 of the Real Estate Investment Company Act (Provided, That this shall not apply if such company is dissolved as a consequence of a merger under Article 43 of the Real Estate Investment Company Act, which fully meets the requirements prescribed under Article 44 (2) of the Corporate Tax Act. In such cases, the merging corporation shall be deemed the real estate investment company for rental housing, that has received such investment in kind, for the purposes of this Article);

3. Where the real estate investment company fails to meet the requirements prescribed by Presidential Decree for two consecutive quarters as at the end of each quarter;

4. Where a resident subject to paragraph (1) donates all or some of the stocks received in consideration for investment in kind or where the relevant stocks are inherited upon the death of the resident.

(3) Where a national is required to pay capital gains tax, the payment of which was deferred under paragraph (1), or corporate tax, the imposition of which was deferred, pursuant to paragraph (2) 2 (limited to revocation of business authorization under Article 42 of the Real Estate Investment Company Act) or paragraph (2) 3, the national shall pay the capital gains tax or corporate tax plus an additional amount equivalent to the interest calculated as prescribed by Presidential Decree; and the amount of such tax shall be deemed the amount of tax payable under Article 111 of the Income Tax Act or Article 64 of the Corporate Tax Act.

(4) A person who intends to be accorded special tax treatment under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) A real estate investment company for rental housing that receives an investment in kind made under paragraph (1), shall submit documents necessary for special taxation for investors in kind in the real estate investment company for rental housing, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (3), methods for paying capital gains tax or corporate tax, the payment or imposition of which is deferred, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 97 - 7 (Special Taxation on Land Transferred to Commercial Rental Business

Operators)(1) Where a resident transfers his/her land to a commercial rental housing business operator defined in subparagraph 8 of Article 2 of the Special Act on Private Rental Housing (hereafter in this Article, referred to as “ commercial rental housing business operator ”), by not later than December 31, 2018, the resident is entitled to a tax reduction by an amount of tax equivalent to 10/100 of the capital gains tax on income accruing from the transfer of his/her land.

(2) A person who intends to be granted a tax reduction under paragraph (1), shall file an application therefor with the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(3) In any of the following cases, a commercial rental housing business operator shall pay the equivalent to the amount of tax reduced under paragraph (1), as income tax or corporate tax, when filing its tax return for the taxable year in which the relevant ground arises: <Amended by Act No. 13805, Jan. 19, 2016>

1. Where the commercial rental housing business operator is designated as the implementer of a corporate rental housing project under Article 23 of the Special Act on Private Rental Housing: If the relevant land has not been designated as a supply promotion district under Article 22 of the Special Act on Private Rental Housing within the period prescribed by Presidential Decree from the date of transfer of the land, or has been designated as a supply promotion district, but the project implementer fails to build and acquire commercial rental housing units on at least 50/100 of the area to be supplied in return for consideration in the supply promotion district within the period prescribed by Presidential Decree from the date of designation as the supply promotion district;

2. Where the commercial rental housing business operator is not a person specified in subparagraph 1: If the project implementer fails to obtain approval of a project plan under Article 15 of the Housing Act or a building permit under Article 11 of the Building Act (hereafter in this Article, referred to as "approval of a project plan, etc.") for the construction of commercial rental housing units within the period prescribed by Presidential Decree from the date of transfer of the land, or has obtained approval of a project plan, etc., but the ratio of the gross floor area of commercial rental housing units to the gross floor area of all buildings on the project site does not exceed 50/100 within the period prescribed by Presidential Decree from the date of approval of the project plan.

(4) The provisions concerning an additional amount equivalent to interest under Article 33 - 2 (4), shall apply mutatis mutandis, where a person pays an amount of tax reduced under paragraph (1) as prescribed in paragraph (3).

(5) Calculation of an amount of capital gains eligible for reductions under paragraph (1), and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 97 - 8 (Special Taxation on In - Kind Investors in Publicly - Offering Real Estate Investment Companies)(1) Where a domestic corporation transfers, as an investment

in kind, a parcel of land or a building referred to in Article 94 (1) 1 of the Income Tax Act, to a publicly - offering real estate investment company under Article 49 - 3 (1) of the Real Estate Investment Company Act (hereafter in this Article, referred to as "publicly - offering real estate investment company") within one year from the date of business authorization under Article 9 (1) of the same Act (limited to amended authorization due to an additional investment in kind after the initial business authorization, in cases of amended authorization), the domestic corporation may be granted deferred taxation until it disposes of the stocks acquired in consideration for the investment in kind by including the equivalent to capital gains from the investment in kind made until December 31, 2019 in its deductible expenses, at the time of calculating the amount of its income for the relevant business year, as prescribed by Presidential Decree.

(2) In any of the following cases, a domestic corporation subject to paragraph (1) shall include the amount of tax deferred in its gross income, at the time of calculating the amount of its income for the business year in which the relevant ground arises, as prescribed by Presidential Decree:

1. Where the domestic corporation disposes of the stocks received in consideration for its investment in kind;
2. Where the publicly - offering real estate investment company that has received an investment in kind, is dissolved under Article 44 of the Real Estate Investment Company Act: Provided, That this shall not apply if such company is dissolved as a consequence of a merger under Article 43 of the Real Estate Investment Company Act, which fully meets the requirements prescribed under Article 44 (2) of the Corporate Tax Act; and the merging corporation shall be deemed the publicly - offering real estate investment company, that has received an investment in kind under paragraph (1), for the purposes of this Article.

(3) Where a domestic corporation is required to pay the amount of corporate tax granted deferred taxation under paragraph (1) as prescribed in paragraph (2) 2 (limited to dissolution due to cancelling business authorization under Article 42 of the Real Estate Investment Company Act), the domestic corporation shall pay the corporate tax plus an additional amount equivalent to interest calculated as prescribed by Presidential Decree; and such amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act.

(4) A domestic corporation that intends to be accorded special tax treatment under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) A publicly - offering real estate investment company that has receives an investment in kind under paragraph (1), shall submit documents necessary for giving special tax treatment to in - kind investors in the publicly offering real estate investment company, as prescribed by Presidential Decree.

(6) For the purpose of paragraphs (1) through (5), methods for including capital gains granted deferred taxation in gross income, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

Article 98 (Special Taxation for Unsold Housing Units)(1) Where a resident acquired an unsold national housing unit prescribed by Presidential Decree (hereafter in this Article referred to as "unsold housing unit"), during the period from November 1, 1995 to December 31, 1997 (including where a purchase contract was concluded and a down payment was made no later than December 31, 1997), and transfers it after holding and renting it for at least five years, he/she may select one of the following methods for any income accruing from the transfer of the unsold housing unit:

1. Calculating the tax base and amount of capital gains tax pursuant to Articles 92 and 93 of the Income Tax Act, and paying the capital gains tax accordingly. In such cases, the capital gains tax rate shall be 20/100, notwithstanding Article 104 (1) of the same Act;
2. Calculating the tax base and amount of global income tax pursuant to Articles 14 and 15 of the Income Tax Act, and paying the global income tax accordingly. In such cases, Article 19 (2) of the Income Tax Act shall apply mutatis mutandis to the calculation of the amount of income accrued from the transfer of the relevant housing unit.

(2) In applying paragraph (1), matters necessary for the special taxation on unsold housing unit, such as whether the relevant housing unit falls under any item of Article 89 (1) 3 of the Income Tax Act, or how to file an application for special taxation, shall be prescribed by Presidential Decree. <Amended by Act No. 12173, Jan. 1, 2014>

(3) Where a resident acquired an unsold national housing unit prescribed by Presidential Decree, during the period from March 1, 1998 to December 31, 1998 (including where a purchase contract was concluded and a down payment was made no later than December 31, 1998), and transfers it after holding and renting it for at least five years, paragraph (1) shall apply mutatis mutandis to any income accruing from the transfer of the relevant housing unit.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 98 - 2 (Special Taxation on Capital Gains Tax for Acquisition of Unsold Local Housing Units)

(1) Notwithstanding the main body of Article 95 (2) of the Income Tax Act and Article 104 (1) 3 of the same Act, the following shall apply to the special deduction for long - term holding and tax rate for the income accruing from the transfer of an unsold housing unit prescribed by Presidential Decree and located outside the Seoul Metropolitan area (hereafter referred to as "unsold local housing unit" in this Article), acquired (including where a purchase contract was concluded and a down payment was made by December 31, 2010) by a resident for the period from November 3, 2008 to December 31, 2010: <Amended by Act No. 12173, Jan. 1, 2014>

1. Special deduction for long - term holding: An amount computed by multiplying the gains from transfer by the deduction rate by holding period classified in Table 2 of Article 95 (2) of the Income tax Act;

2. Tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income tax Act.

(2) Articles 55 - 2 (1) 2 and 95 - 2 of the Corporate Tax Act shall not apply to the income of a corporation accrued from the transfer of unsold local housing units: Provided, That this shall not apply to unregistered transfer.

(3) The amount of global income tax on the income accrued to a resident realtor from the transfer of local unsold housing units shall be calculated under Article 55 (1) of the Income Tax Act, notwithstanding Article 64 (1) of the same Act.

(4) When Article 89 (1) 3 of the Income Tax Act is applied, an unsold local housing unit subject to paragraph (1) shall not be deemed a housing unit owned by the relevant resident.<Amended by Act No. 12173, Jan. 1, 2014>

(5) How to file a final return on the tax base, and other necessary matters when applying paragraphs (1) through (4) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 98 - 3 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units)

(1) Where a resident or a non - resident having no place of business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act, purchased an unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "unsold housing unit") located outside Seoul Special Metropolitan City (excluding the designated areas under Article 104 - 2 of the Income Tax Act) (including where a purchase contract was concluded and a down payment was made by no later than February 11, 2010) by first contracting to purchase the same with the relevant project operator supplying housing units pursuant to Article 54 of the Housing Act (including the relevant housing builder if less than 20 housing units are supplied) during the following applicable period, the resident or the non - resident is entitled to a full exemption (or 60/100 in cases of the over - concentration control region of the Seoul Metropolitan area) from the tax on capital gains from transfer of such housing unit if he/she transfers the housing unit within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years since the date of purchase (or the equivalent to 60/100 of the amount of capital gains in cases of the over - concentration control region of the Seoul Metropolitan area), from the amount of income subject to capital gains tax on that housing unit, if he/she transfers the housing unit five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of the income subject to capital gains tax, shall be deemed nil: <Amended by Act No. 13805, Jan. 19, 2016>

1. In cases of residents: The period between February 12, 2009 and February 11, 2010;
2. In cases of non - residents: The period between March 16, 2009 and February 11, 2010.

(2) For the purposes of paragraph (1), an unsold housing unit shall include a house a person builds upon starting its construction during the period between February 12, 2009 and February 11, 2010 (where the date of commencement is uncertain, it shall be based on the date an application for commencement is submitted), and for which he/she has obtained approval for use or inspection for use (including approval for temporary use): Provided, That the same shall not apply to the following houses:

1. A house acquired by a member of a rearrangement project association conducting a housing redevelopment project or housing reconstruction project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents according to the relevant management and disposal plan;

2. A house demolished and then reconstructed after being lost by fire, collapsing, being worn - out, etc. while occupied or owned.

(3) For the purposes of Article 89 (1) 3 of the Income Tax Act, no housing unit subject to paragraphs (1) and (2) shall be deemed a housing unit owned by a resident. <Amended by Act No. 12173, Jan. 1, 2014>

(4) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long - term holding special deduction and tax rate shall apply to gains on transfer of a housing unit subject to paragraphs (1) and (2): <Amended by Act No. 12173, Jan. 1, 2014>

1. The long - term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso to paragraph (2) of the same Article);

2. The tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income tax Act.

(5) For the purposes of paragraphs (1) and (2), methods for calculating the amount of capital gains accruing from the transfer of an unsold housing unit within five years since the date of purchase, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 98 - 4 (Special Taxation for Capital Gains Tax on Acquisition of Houses by Non - Residents)

Where a non - resident having no domestic place of business under Article 120 of the Income Tax Act acquires (including cases where a purchase contract is concluded no later than February 11, 2010 and the contract deposit is paid) a house other than that unsold in lots under Article 98 - 3 (1) during the period from March 16, 2009 to February 11, 2010 and transfers it, the tax amount equivalent to 10/100 of the capital gains tax on the income accruing from such transfer shall be exempted.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 98 - 5 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units Located outside Seoul Metropolitan Area)(1) Where a resident or a non -

resident having no place of business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act, purchased an unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "unsold housing unit") located outside the Seoul Metropolitan area as at February 11, 2010 (including where a purchase contract was concluded and a down payment was made by no later than April 30, 2011) by first contracting to purchase the same with the relevant project operator, etc. supplying housing units pursuant to Article 54 of the Housing Act by no later than April 30, 2011, the resident or the non - resident is entitled to a tax reduction by an amount calculated by multiplying the tax on capital gains from transfer of such housing unit by the following reduction rate based on the discount rate of the selling price (referring to the selling price publicly announced in the invitation to purchasers under the Housing Act; hereafter in this Article, the same shall apply) from capital gains tax, if he/she transfers the housing unit within five years from the date of purchase; and to deduct an amount calculated by multiplying the amount of capital gains accruing for five years from the date of purchase of such housing unit by the following reduction rate based on the discount rate of the selling price, from the amount of income subject to capital gains tax on the relevant housing unit, if he/she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax, shall be deemed nil: <Amended by Act No. 13805, Jan. 19, 2016>

1. Where the discount rate of the selling price does not exceed 10/100: 60/100;
2. Where the discount rate of the selling price is between 10/100 and 20/100: 80/100;
3. Where the discount rate of the selling price exceeds 20/100: 100/100.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no unsold housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident.
<Amended by Act No. 12173, Jan. 1, 2014>

(3) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long - term holding special deduction and tax rate shall apply to gains on

transfer of an unsold housing unit subject to paragraph (1): <Amended by Act No. 12173, Jan. 1, 2014 >

1. The long - term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso to the same paragraph);

2. The tax rate: Tax rate prescribed under Article 104 (1) 1 of the Income Tax Act. (4) For the purposes of paragraph (1), methods for calculating the capital gains accruing for five years from the date an unsold housing unit is purchased; methods for calculating the discount rate of the selling price; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 10285, May 14, 2010]

Article 98 - 6 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)(1) Where a resident or a non - resident having no place of

business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act (hereafter in this Article, referred to as "non - resident"), transfers any of the following housing units, the resident or the non - resident is entitled to a tax reduction by the equivalent to 50/100 of the tax on capital gains accruing from the transfer of the housing unit (limited to the housing units that meet the conditions prescribed in subparagraph 1), if he/she transfers such housing unit within five years from the date of purchase; and to deduct the equivalent to 50/100 of the capital gains accruing for five years from the date of purchase of the housing unit, from the amount of income subject to capital gains tax on that housing unit, if he/she transfers such housing unit five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax, shall be deemed nil: <Amended by Act No. 13499, Aug. 28, 2015; Act No. 13805, Jan. 19, 2016 >

1. A completed but unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "completed but unsold housing unit"), which a project entity supplying housing units pursuant to Article 54 of the Housing Act or any other project implementer prescribed by Presidential Decree (hereafter in this Article, referred to as "project entity, etc."), has leased for at least two years by

contracting to lease, by not later than December 31, 2011, and is purchased by a resident or a non - resident upon first contracting to purchase the same with the relevant project entity, etc.;

2. A completed but unsold housing unit, purchased by a resident or a non - resident by first contracting to purchase the same with the relevant project entity, etc. and leasing for at least five years (limited to where a resident or a non - resident contracts to lease, by not later than December 31, 2011, upon completing business registration under Article 168 of the Income Tax Act and being registered as a rental business operator under Article 5 of the Special Act on Private Rental Housing).

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident.

[<Amended by Act No. 12173, Jan. 1, 2014>](#)

(3) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long - term holding special deduction and tax rate shall apply to gains on transfer of a housing unit subject to paragraph (1):[<Amended by Act No. 12173, Jan. 1, 2014>](#)

1. The long - term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso to the same paragraph);

2. The tax rate: Tax rate prescribed under Article 104 (1) 1 of the Income Tax Act.

(4) For the purposes of paragraph (1), methods for calculating the amount of capital gains; procedures for verifying completed but unsold housing units and the lease period of such housing units; and other necessary matters, shall be prescribed by Presidential Decree.

[\[This Article Newly Inserted by Act No. 10631, May 19, 2011\]](#)

Article 98 - 7 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing

Units)(1) Where a national first contracts to purchase an unsold housing unit prescribed by Presidential Decree as at September 24, 2012, at a purchase price not exceeding 900 million won (hereafter in this Article, referred to "unsold housing unit"), with the relevant project entity supplying housing units under Article 54 of

the Housing Act or any other project implementer prescribed by Presidential Decree (limited to where a down payment is made) or purchases an unsold housing unit through such contract during the period between September 24, 2012 and December 31, 2012, the national is entitled to a full exemption from the tax on capital gains accruing from the transfer of the housing unit, if he/she transfer it within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years since the date of purchase of such housing unit, from the amount of income subject to capital gains tax on such housing, if he/she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the income subject to capital gains tax, shall be deemed nil. <Amended by Act No. 13805, Jan. 19, 2016 >

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no unsold housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident. <Amended by Act No. 12173, Jan. 1, 2014 >

(3) For the purposes of paragraph (1), methods for calculating the amount of capital gains accruing for five years from the date an unsold housing unit is purchased, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11486, Oct. 2, 2012]

Article 98 - 8 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)(1) Where a resident first contracts to purchase a completed but unsold housing unit prescribed by Presidential Decree with the gross total floor area (or an area for exclusive use, in cases of multi - family housing) not exceeding 135 square meters at an purchase price not exceeding 600 million won as at the time of purchase, with a person prescribed by Presidential Decree, such as a project entity supplying housing units under Article 54 of the Housing Act, during the period between January 1, 2015 and December 31, 2015, and transfers the housing unit after having leased it for at least five years (limited to where a resident contracts to lease, by no later than December 31, 2015, after completing business registration under Article 168 of the Income Tax Act and being registered as a rental business operator under Article 5 of the Special Act on Private Rental Housing), the resident is entitled to deduct the equivalent to 50/100 of the capital gains accruing for five years from the date the housing unit is purchased, from the income subject to capital

gains tax on the housing unit. In such cases, the deductible amount that exceeds the income subject to capital gains tax, shall be deemed nil. <Amended by Act No. 13499, Aug. 28, 2015; Act No. 13805, Jan. 19, 2016 >

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident.

(3) For the purposes of paragraph (1), methods for calculating the capital gains accruing for five years from the date a housing unit is purchased; procedures for verifying a completed but unsold housing unit and the lease period of a housing unit; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 99 (Capital Gains Tax Reduction or Exemption for Purchasers of Newly - Built Houses)

(1) Where a resident (excluding housing developers) transfers any of the following newly - built houses (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the relevant building; the same shall apply hereafter in this Article) within five years from the date of acquisition, the resident is entitled to deduction of the amount of capital gains accruing from the date of acquisition of the newly - built house to the date of transfer from the amount of income subject to capital gains tax, and entitled to deduction of the amount of capital gains accruing for five years from the date of acquisition of the newly - built house from the amount of taxable income subject to capital gains tax, if such resident transfers the newly - built house to any third person after the lapse of five years from the date of acquisition of the newly - built house: Provided, That this shall not apply where such newly - built house is a high - priced house that is not exempt from capital gains tax under Article 89 (1) 3 of the Income Tax Act: <Amended by Act No. 13560, Dec. 15, 2015 >

1. A house constructed by the resident (including any house acquired by a member through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents), and the approval for use or inspection for use of which (including approval for temporary use) was granted during the period from May 22, 1998 to June 30, 1999 (or from May 22, 1998 to December 31, 1999 in cases of national

housing units; hereafter in this Article referred to as "period for acquisition of a newly - built house");

2. A house acquired from a housing developer by a person who first concludes a sales contract and makes a down payment within the period for acquisition of a newly - built house (including a house prescribed by Presidential Decree that has been acquired through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents): Provided, That excluded herefrom is a house that has been occupied by any person as at the date of a sales contract, or a house eligible under circumstances prescribed by Presidential Decree during the period for acquisition of a newly - built house.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no newly - built house subject to paragraph (1) shall be deemed a house owned by a resident only where the resident holding the newly - built house and any other house transfers the other by not later than December 31, 2007.

(3) Any person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) How to calculate the capital gains to be deducted from an amount of taxable income subject to capital gains tax under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 99 - 2 (Special Taxation for Capital Gains on Purchasers of Newly - Built Houses, etc.)

(1) Where a resident or a non - resident purchases a newly - built house or an unsold housing unit prescribed by Presidential Decree or a house classified as one house for one household, at a purchase price not exceeding 600 million won, or with the gross floor area (or the area for exclusive use, in cases of multi - family housing) not exceeding 85 square meters, by first contracting to purchase the same with a project entity, etc. supplying housing units under Article 54 of the Housing Act during the period between April 1, 2013 and December 31, 2013, or any other person prescribed by Presidential Decree (including where a down payment is made by December 31, 2013 after contracting to purchase the same), the resident or the

non - resident is entitled to a full exemption from tax on capital gains from the transfer of the house or housing unit, if he/she transfers it within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years from the date of purchase, from the amount of income subject to capital gains tax on such house or housing unit, if he/she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax, shall be deemed nil. <Amended by Act No. 13805, Jan. 19, 2016 >

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no house or housing unit subject to paragraph (1) shall be deemed a house or housing unit owned by a resident. <Amended by Act No. 12173, Jan. 1, 2014 >

(3) Paragraph (1) shall not apply to any area prescribed by Presidential Decree wherein the price of real estate has risen or is likely to rise sharply, in light of the inflation of the national consumer prices and of the national trade prices of housing.

(4) Capital gains tax reductions or exemptions under paragraph (1) shall be granted only where a resident or a non - resident submits to the head of the tax office having jurisdiction over the place of tax payment, documents verifying that the relevant house or housing unit is eligible for reductions or exemptions under paragraph (1), as prescribed by Presidential Decree. <Amended by Act No. 12173, Jan. 1, 2014 >

(5) For the purposes of paragraph (1), methods for calculating the amount of capital gains accruing for five years from the date a house or housing unit is purchased, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11759, May 10, 2013]

Article 99 - 3 (Special Taxation for Capital Gains Tax on Purchasers of Newly - Built Houses)

(1) Where a resident (excluding housing developers) transfers any of the following newly - built houses (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the relevant house; the same shall apply hereafter in this Article) in any area, other than the areas prescribed by Presidential Decree where the price of real estate rises or is likely rise sharply, in view of the inflation of national consumer prices and of national sales prices of houses, within five years from the date of acquisition, the resident is entitled to deduction of the amount of capital gains accruing from the date of acquisition of the

newly - built house to the date of transfer, from the amount of taxable income subject to capital gains tax, and entitled to deduction of the amount of capital gains accruing for five years from the date of acquisition of the newly - built house, from the amount of taxable income subject to capital gains tax, if such resident transfers the newly - built house to any third person after the lapse of five years from the date of acquisition of the newly - built house: Provided, That this shall not apply where such newly - built house is a high - priced house that is not exempt from capital gains tax under Article 89 (1) 3 of the Income Tax Act: <Amended by Act No. 13560, Dec. 15, 2015 >

1. A newly - built house acquired from a housing developer: A newly - built house acquired by a person who first concluded a sales contract with a housing developer and made a down payment (including a house prescribed by Presidential Decree that is acquired through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents) during the period from May 23, 2001 to June 30, 2003 (hereafter in this Article referred to as "period for acquisition of a newly - built house"): Provided, That excluded herefrom is a house that has been occupied by any person as at the date of the sales contract, or a house eligible under circumstances prescribed by Presidential Decree during the period for acquisition of a newly - built house;

2. A newly - built house constructed by the resident (including a house acquired, through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, by its member prescribed by Presidential Decree): A newly - built house, the approval for use or inspection for use (including the approval for temporary use) of which has been granted during the period for acquisition of a newly - built house.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no newly - built house subject to paragraph (1) shall be deemed a house owned by a resident only where the resident holding the newly - built house and any other house transfers the other house by not later than December 31, 2007.

(3) A person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) How to calculate the capital gains to be deducted from an amount of taxable income subject to capital gains tax under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 99 - 4 (Special Taxation for Capital Gains Tax on Purchasers of Houses, etc. in Agricultural or Fishing Villages) (1) Where one household prescribed by Presidential Decree, consisting of a resident and his/her spouse (hereafter in this Article, referred to as "one household"), purchases (including acquisition by directly building a house) any of the following houses (hereafter in this Article, referred to as "house in an agricultural or fishing village") during the period between August 1, 2003 (or January 1, 2009 for a house in one's hometown) and December 31, 2017 (hereafter in this Article, referred to as "period for purchase of a house, etc. in an agricultural or fishing village"); owns it for at least three years; and subsequently transfers another house that the same household owns before acquiring the house in an agricultural or fishing village (hereafter in this Article, referred to as "ordinary house"), the house in an agricultural or fishing village shall not be deemed a house owned by such household for the purposes of Article 89 (1) 3 of the Income Tax Act: <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10653, May 19, 2011; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 13797, Jan. 19, 2016; Act No. 14390, Dec. 20, 2016>

1. A house fully satisfying the following requirements (hereafter in this Article, referred to as "house in an agricultural or fishing village"):

(a) The house shall be located, at the time of purchase, in an Eup/Myeon defined under Article 3 (3) and (4) of the Local Autonomy Act, or a Dong prescribed by Presidential Decree in consideration of population, etc., except the following areas:

(i) Seoul Metropolitan area: Provided, That excluded herefrom are areas prescribed by Presidential Decree, in consideration of the trends of real estate prices, among border areas defined in Article 2 of the Special Act on Support for

Border Area;

- (ii) An urban area under Article 6 of the National Land Planning and Utilization Act;
- (iii) A designated area under Article 104 - 2 (1) of the Income Tax Act;
- (iv) An area subject to permission under Article 10 of the Act on Report on Real Estate Transactions, Etc.;
- (v) Other areas prescribed by Presidential Decree, such as tourist complexes as it is deemed necessary to stabilize the price of real estate therein;
- (b) Its plottage does not exceed 660 square meters;
- (c) The total price (referring to the standard market price under Article 99 of the Income Tax Act) of a house and appurtenant land, shall not exceed 200 million won (or 400 million won in cases of a traditional Korean - style house prescribed by Presidential Decree) as at the time of purchase of the house;

2. A house fully satisfying the following requirements (hereafter in this Article, referred to as "house in one ' s hometown"):

- (a) The house shall be located in one's hometown prescribed by Presidential Decree;
- (b) The house shall be located in a Si area prescribed by Presidential Decree in consideration of population, etc. as at the time of purchase, except the following areas:
 - (i) Seoul Metropolitan area;
 - (ii) A designated area under Article 104 - 2 (1) of the Income Tax Act;
 - (iii) Other areas prescribed by Presidential Decree, such as tourist complexes as it is deemed necessary to stabilize the price of real estate therein;
- (c) Its plottage shall not exceed 660 square meters;
- (d) The total price (referring to the standard market price under Article 99 of the Income Tax Act) of a house and appurtenant land, shall not exceed 200 million won (or 400 million won in cases of a traditional Korean - style house prescribed by Presidential Decree) as at the time of purchase of the house.

(2) Deleted. <by Act No. 8827, Dec. 31, 2007 >

(3) Paragraph (1) shall not apply where the house that one household purchases in an agricultural or fishing village is located in the Eup/Myeon where the ordinary house owned by the household is located or in an adjacent Eup/Myeon, in terms of administrative districts, or where the house that one household purchases in one's

hometown is located in the Si where the ordinary house owned by the household is located or in an adjacent Si, in terms of administrative districts.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 12853, Dec. 23, 2014>

(4) Paragraph (1) shall also apply even if a household transfers the ordinary house before it satisfies the requirement that it shall own a house, etc. in an agricultural or fishing village for at least three years as prescribed in paragraph (1).<Amended by Act No. 9921, Jan. 1, 2010>

(5) Where a household accorded special tax treatment for capital gains tax under paragraph (4), fails to own a house, etc. in an agricultural or fishing village for at least three years, the amount of tax calculated as prescribed by Presidential Decree for computing the amount of tax the household would have paid if it had not been accorded such special tax treatment, shall be paid as capital gains tax, within two months from the end of the month in which the household ceases to own the house: Provided, That the same shall not apply in extenuating circumstances prescribed by Presidential Decree, such as expropriation under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 12853, Dec. 23, 2014>

(6) Any person who intends to be accorded special tax treatment under paragraphs (1) and (4), shall file an application therefor, as prescribed by Presidential Decree.<Amended by Act No. 9921, Jan. 1, 2010>

(7) Methods for calculating the plottage and purchase price of a house, etc. in an agricultural or fishing village; methods for calculating the holding period of such house, etc.; criteria for determining whether a house meets requirements for a house, etc. in an agricultural or fishing village; and other necessary matters, shall be prescribed by Presidential Decree.<Amended by Act No. 9921, Jan. 1, 2010>

[This Article Newly Inserted by Act No. 7003, Dec. 30, 2003]

Article 99 - 5 (Special Cases concerning Extinction of Small Private Enterprises '

Liability to Pay Tax for which Disposition of Deficit was Issued)(1) Upon receipt of an application filed by a resident meeting all of the following requirements, the head of the relevant tax office may extinguish the liability to pay an amount of up to five million won per person for which extinctive prescription of authority to collect national tax has not been completed among the global income tax, value - added tax,

and special tax for agricultural and fishing villages, surcharges and expenses for disposition on default, all of which are added to the global income tax and value-added tax (hereinafter referred to as "amount of tax for which disposition of deficit was issued") of the relevant resident, for which disposition of deficit was issued on or before December 31, 2012. In such cases, the ceiling shall apply to the total of the amount of tax for which disposition of deficit was issued by the heads of other tax offices to extinguish the liability to pay such tax: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12031, Aug. 13, 2013>

1. A person whose average amount of total business income (referring to the total amount of income converted into one year in cases of the amount of income for the taxable year of which taxable period is below one year) during three immediately preceding taxable years, including the taxable year to which the last date of cessation of business of the relevant resident is below the amount prescribed by Presidential Decree;
2. A person who closes his/her business before December 31, 2012, and has been working for at least three months as of the date (hereafter referred to as "date of application") when he/she files an application to extinguish his/her liability to pay after applying for business registration at the tax office to start a new business between January 1, 2010 and December 31, 2013, or being employed between January 1, 2010 and December 31, 2013;
3. A person who has neither been punished nor been issued any disposition under the Punishment of Tax Offenses Act, nor any case being tried in the court within five years immediately preceding the date of application;
4. A person against whom no investigation being conducted into a violation of the Punishment of Tax Offenses Act as of the filing date of application.

(2) Where a resident intends to have his/her liability to pay the amount of tax for which disposition of deficit was issued extinguished under paragraph (1), he/she shall file an application for extinguishment of liability to pay the amount of tax for which disposition of deficit was issued to the head of the tax office having jurisdiction over the amount of tax for which disposition of deficit was issued, between January 1, 2010 and December 31, 2014, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12031, Aug. 13, 2013>

(3) Upon receipt of an application for extinguishment of liability to pay the amount of tax for which disposition of deficit was issued under paragraph (2), the head of the tax office shall determine whether to approve or reject the application within two months from the date of application after deliberation thereon by the Defaulted National Tax Adjustment Committee under Article 87 of the National Tax Collection Act. In such cases, when the head of the tax has determined to extinguish the relevant resident ' s liability to pay the amount of tax for which disposition of deficit was issued, such liability to pay the relevant amount of tax for which disposition of deficit was issued shall be deemed extinguished on the date of application.

(4) When the head of the relevant tax office finds that other collectible property existed as at the time the disposition of deficit was issued even after he/she has determined to extinguish the liability to pay the amount of tax for which disposition of deficit was issued as prescribed in paragraph (1), he/she shall, without delay, revoke the disposition of deficit and the extinguishment of liability to pay for an amount equivalent to the value of such property, and issue disposition on default.

(5) Where it is found, before the date of application, that a resident has property or income (hereafter referred to as "property, etc." in this Article) acquired or accrued after disposition of deficit, the head of the relevant tax office may issue disposition on default.

(6) Where it is found, after the date of application, that a resident has property, etc. were acquired or accrued after disposition of deficit, the head of the relevant tax office shall not issue disposition on default on the property, etc. of the resident for an amount for which liability to pay extinguished as prescribed in paragraph (1).

(7) Where the liability to pay tax on part of the amount among the amount of tax of a resident for which disposition of deficit was issued, the order of priority of extinguishment shall be in the order of national tax, surcharge and expenses for disposition on default by case.

(8) The method of filing an application for extinguishment of liability to pay the amount of tax for which disposition of deficit was issued, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 99 - 6 (Special Taxation for Delinquent Taxes, etc. of Resurgent Small or Medium Entrepreneurs)(1) Upon receipt of an application by a national prescribed by Presidential Decree who fully satisfies the following requirements (hereafter referred to as "resurgent small or medium entrepreneur" in this Article), including those who have borrowed the re - establishment fund from the Small and Medium Business Corporation established under the Small and Medium Enterprises Promotion Act, the head of the competent tax office may defer the seizure of property (including the seizure of property already seized) or the sale of seized property subject to disposition on default of taxes under the National Tax Collection Act, according to the applicant ' s plan to pay delinquent taxes (limited to the delinquent amount of income tax, corporate tax, value - added tax, and of tax items added thereto) until the period prescribed by Presidential Decree:

1. A person whose annual average number of tax delinquency within five years immediately preceding the filing date of the application and amount of delinquent taxes as at the filing date of the application fall short of the guidelines prescribed by Presidential Decree;
2. A person prescribed by Presidential Decree among nationals whose average revenue (referring to the sales calculated according to the Korea Financial Accounting Standards) for three taxable years immediately preceding the filing date of the application does not exceed the amount prescribed by Presidential Decree;
3. A person who has neither been punished nor subject to disposition under the Punishment of Tax Offenses Act, nor any case being tried in the court within five years immediately preceding the filing date of the application;
4. A person against whom no investigation is being conducted into any alleged violation of the Punishment of Tax Offenses Act as at the filing date of the application;
5. A person who is fulfilling his/her legal liability under tax laws prescribed by Presidential Decree, such as the liability to keep double - entry bookkeeping, as at the filing date of the application.

(2) A resurgent small or medium entrepreneur that intends to have the seizure of property or the sale of the seized property deferred under paragraph (1) shall file an application therefor with the head of the competent tax office by not later than

December 31, 2018, as prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015>

(3) Upon receipt of an application filed by a resurgent small or medium entrepreneur under paragraph (2), the head of the competent tax office shall determine whether the resurgent small or medium entrepreneur is required to provide security for tax payment, after deliberation by the Defaulted National Tax Adjustment Committee established under Article 87 of the National Tax Collection Act, and notify the resurgent small or medium entrepreneur of such determination within two months from the filing date of the application.

(4) Where any of the following applies to a resurgent small or medium entrepreneur after the head of the competent tax office has determined to defer the disposition on default under paragraph (1), the head of the competent tax office shall revoke the deferment and make a disposition on default:

1. Where the resurgent small or medium entrepreneur fails to comply with his/her plan to pay delinquent taxes on at least three occasions;
2. Where it is deemed impossible to collect the full amount of delinquent taxes related to deferment until the deferred due date, because any of the events prescribed in Article 14 (1) 2 through 8 of the National Tax Collection Act occurs;
3. Where it is deemed unnecessary to defer the disposition on default, because any event prescribed by Presidential Decree, such as collection of the re-establishment fund, occurs.

(5) Where Article 6 applies to a resurgent small or medium entrepreneur who has established a new business or obtained designation or certification under Article 6 by not later than December 31, 2018, Article 6 (6) 3 shall not apply to the small or medium entrepreneur. <Amended by Act No. 13560, Dec. 15, 2015>

(6) A resurgent small or medium entrepreneur who wishes to secure tax credits under paragraph (5) shall file an application for tax reductions or exemptions, as prescribed by Presidential Decree.

(7) The method of filing an application for special taxation for delinquent taxes, etc. of resurgent small or medium entrepreneurs, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12031, Aug. 13, 2013]

Article 99 - 7 (Special Taxation for Lease on Deposit Basis without Large Sum of Key

Money)(1) Where a resident leases a house upon satisfying each of the following requirements and pays interest on his/her loan by not later than December 31, 2015, an amount equivalent to 40/100 of the interest paid during the relevant taxable period shall be deducted from the amount of his/her global income in the relevant taxable period: Provided, That where such amount exceeds three million won per year, the ceiling shall be three million won per year:

1. That the resident shall establish mortgage on his/her own house in leasing the house, and borrow key money for the lease on a deposit basis from a financial company, etc. defined in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article) establishing the resident as a debtor;
2. That the lessee of the relevant house shall be the head of a household who does not own a house prescribed by Presidential Decree as of the date of the lease contract, and his/her total amount of annual income in the immediately preceding year (including the income of hi/her spouse) shall not exceed 60 million won;
3. That the total amount of key money for lease on a deposit basis shall not exceed 200 million won (300 million won in Seoul Metropolitan area) and the key money borrowed under subparagraph 1 shall not exceed 30 million won (50 million won in Seoul Metropolitan area);
4. That the resident shall take a loan within three months from or after the date which comes earlier between the date of move - in specified on the written lease contract (referring to the date of renewal, if the written lease contract is renewed) under Article 3 - 2 (2) of the Housing Lease Protection Act and the date of move - in registered on the certified copy of his/her resident registration card;
5. That the lessee of the relevant house shall pay the interest on key money borrowed under subparagraph 1 directly to the financial company, etc. to which it should be paid;
6. That the lessee ' s address on the written lease contract shall be same as the address on the certified copy of his/her resident registration card.

(2) The key money for lease on a deposit basis under paragraph (1) 1 and amount of interest paid under paragraph (1) 5 shall be exempt from income tax until December 31, 2015.

[This Article Newly Inserted by Act No. 12031, Aug. 13, 2013]

Article 99 - 8 (Special Cases concerning Deferral of Tax Collection from Resurgent Small and Medium Entrepreneurs)(1) Upon receipt of an application filed for deferring the collection of tax (limited to the deferral of collection of income tax, corporate tax, value - added tax, or any tax added thereto), by not later than December 31, 2018, by a person who fully meets the following requirements (hereafter referred to as "resurgent small or medium entrepreneur" in this Article) as at the filing date of the application for deferring collection set under the National Tax Collection Act on any of the grounds specified in Article 15 (1) 1 through 4 and 6 of the National Tax Collection Act, among residents prescribed by Presidential Decree, including those who have borrowed the re - establishment fund from the Small and Medium Business Corporation established under the Small and Medium Enterprises Promotion Act (hereafter referred to as the "Small and Medium Business Corporation" in this Article), the head of the competent tax office may defer the collection of tax for a period prescribed by Presidential Decree from the day immediately after the date he/she defers the collection, and may determine the deadline for installment payments and the amount of such installments during the period of deferral of collection, notwithstanding Articles 15 and 17 of the National Tax Collection Act:

1. A person whose annual average number of tax delinquency within five years immediately preceding the filing date of the application, and the amount of delinquent taxes fall short of the guidelines prescribed by Presidential Decree;
2. A person whose average revenue (referring to the sales calculated according to the Korea Financial Accounting Standards) for three taxable years immediately preceding the filing date of the application, does not exceed the amount prescribed by Presidential Decree;
3. A person who has neither been punished nor subject to disposition under the Punishment of Tax Offenses Act, nor any case being tried in the court within five years immediately preceding the filing date of the application;
4. A person against whom no investigation is being conducted into any alleged violation of the Punishment of Tax Offenses Act as at the filing date of the application;

5. A person who fulfills his/her legal liability under tax laws prescribed by Presidential Decree, such as the liability to keep double - entry bookkeeping, as at the filing date of the application.

(2) Where any of the following applies to a resurgent small or medium entrepreneur after the head of the competent tax office has determined to defer the collection of tax under paragraph (1), the head of the competent tax office may revoke the deferment of collection and may collect the national taxes involved in the deferment or the delinquent tax amount in lump sum. In such cases, the head of the competent tax office shall notify the resurgent small or medium entrepreneur thereof:

1. Where any of the events prescribed in the subparagraphs of Article 20 (1) of the National Tax Collection Act occurs;
2. Where it is deemed unnecessary to defer the collection of tax, because of the occurrence of any event prescribed by Presidential Decree, such as collection of the re - establishment fund by the Small and Medium Business Corporation.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 100 (Special Taxation for Assistance in Stability of Employees' Housing Situation)

Where an employer as referred to in subparagraph 10 of Article 2 of the Korea Housing Finance Corporation Act (hereafter in this Article referred to as "employer") assists his/her employees who do not have their own houses, no later than December 31, 2009, with the funds required for the acquisition or rent of houses of which sizes are not larger than those of the national housing units provided for in the Housing Act, subsidy prescribed by Presidential Decree from among such subsidy shall be included in the deductible expenses, and no income tax shall be imposed on such assisted funds that the employees with no houses of their own receive from their employer.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 10 - 2 Special Taxation for Heightening Willingness to Work

Article 100 - 2 (Earned Income Tax Credits)

In order to heighten low - income earners' willingness to work and supplement their income, labor encouragement subsidies shall be determined and refunded, applying

the earned income tax credit system provided for in Articles 100 - 3 through 100 - 13.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 3 (Eligibility to Apply for Labor Encouragement Subsidies)(1) A person prescribed by Presidential Decree, among residents with business income specified in Article 19 of the Income Tax Act or earned income specified in Article 20 of the same Act during a taxable period for income tax, is eligible to apply for a labor encouragement subsidy for the taxable period for income tax, if the person fully meets the following requirements: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016; Act No. 14760, Apr. 18, 2017>

1. The person shall have a spouse or dependent child, as provided for in Article 100 - 4 (1) (hereafter in this Section and Section 10 - 4, referred to as "dependent child"), or shall be at least the age classified as follows, as at the end of the relevant taxable year:
 - (a) Where the taxable period of income tax falls within the period between January 1, 2014 and December 31, 2014: At least 60 years of age;
 - (b) Where the taxable period of income tax falls within the period between January 1, 2015 and December 31, 2015: At least 50 years of age;
 - (c) Where the taxable period of income tax falls within the period between January 1, 2016 and December 31, 2016: At least 40 years of age;
 - (d) The taxable period of income tax in which January 1, 2017 falls and subsequent taxable periods: At least 30 years of age;
2. The total annual income prescribed by Presidential Decree (hereafter in Section 10 - 4, referred to as "total annual income") of a resident (including his/her spouse; hereafter in this Article, the same shall apply), shall be less than the following base amount of total income (hereafter in this Section, referred to as "base amount of total income"), determined based on the composition of members of one household (hereafter in this Section and Section 10 - 4, referred to as "household") prescribed by Presidential Decree (hereafter in this Section and Section 10 - 4, referred to as "household members"), including the resident:

Composition of household members Base amount of total income

Single - person household 13 million won

Single - income household 21 million won

Dual - income household 25 million won

3. Deleted;<by Act No. 14390, Dec. 20, 2016>

4. The total amount of property prescribed by Presidential Decree, such as land, a building, a motor vehicle, and savings, which are held by all household members (hereafter in Section 10 - 4, referred to as "total amount of property held by all household members"), shall not exceed 140 million won.

(2) Notwithstanding paragraph (1), none of the following residents is eligible to apply for a labor encouragement subsidy:<Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Deleted;<by Act No. 12173, Jan. 1, 2014>

2. A non - Korean national as at the end of the relevant taxable period for income tax: Provided, That this shall not apply to a person married to a Korean national;

3. A dependent child of any other resident during the relevant taxable period for income tax.

(3) Whether a resident has a spouse referred to in paragraph (1) 1 shall be determined based on the situation as at the end of the relevant taxable period for income tax: Provided, That, where a spouse dies before the end of the taxable period for the relevant income tax, such determination shall be made based on the situation as at the day preceding the date of his/her death.<Newly Inserted by Act No. 11614, Jan. 1, 2013>

(4) Deleted.<by Act No. 12173, Jan. 1, 2014>

(5) For the purposes of the Table of paragraph (1) 2, this Section, and Section 10 - 4, "single - person household," "single - income household," and "dual - income household" shall be defined as follows:<Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

1. Single - person household: A household that consists of neither a spouse nor a dependent child;

2. Single - income household: A household that consists of a spouse or a dependent child, but is not a dual - income household as defined in subparagraph 3;

3. Dual - income household: A household where a resident ' s spouse has at least three million won of the following incomes (excluding non - taxable income, and earned income or business income prescribed by Presidential Decree; hereafter in this Section and Section 10 - 4, referred to as "gross pay, etc.") during the taxable period for income tax:

(a) The amount of income prescribed by Presidential Decree, of the business incomes listed under Article 19 (1) of the Income Tax Act;

(b) The amount of earned incomes listed under Article 20 (1) of the Income Tax Act.

(6) Deleted. <by Act No. 12853, Dec. 23, 2014 >

(7) The base date for holding property referred to in paragraph (1) 4; methods for appraising such property; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 4 (Requirements for Dependent Children and Timing for Determination)(1)

Dependent children mean the persons who meet all the following requirements:

<Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014 >

1. That they shall be a resident ' s children or adopted children prescribed by Presidential Decree (including the resident ' s spouse; hereafter the same shall apply in this subparagraph) living together: Provided, That in circumstances prescribed by Presidential Decree in which such children do not have parents or their parents are unable to support such children, dependent children shall include the resident's grandsons, granddaughters or siblings;

2. That they shall be under the age of 18: Provided, That disabled persons prescribed by Presidential Decree shall not be subject to such age limit;

3. That their total amount of annual income shall not exceed one million won;

4. That they shall be the family members who live together under the resident registration record and physically live together with the resident at his/her domicile or temporary domicile: Provided, That this shall not apply to his/her lineal descendants.

(2) Even though a resident or his/her dependent child who is not his/her lineal descendant leaves temporarily his/her original domicile or temporary domicile, to

enter school or receive any medical treatment for a disease, or under any circumstances of service or business, he/she shall be deemed a person living together as referred to in paragraph (1) 4. <Amended by Act No. 11133, Dec. 31, 2011>

(3) Whether a person is eligible for a dependent child shall be determined based on the situation as of the end of the taxable period of the relevant income tax in the relevant year: Provided, That if a person is dead, or whose disability is treated before the end of the taxable period of the relevant income tax, the determination as to whether the person is a dependent child shall be made based on the situation as of the day preceding the day of his/her death or treatment. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013>

(4) Where a dependent child becomes 18 years of age during the taxable period of the relevant income tax, he/she shall be deemed under the age of 18, notwithstanding the main body of paragraph (3). <Amended by Act No. 11614, Jan. 1, 2013>

(5) Where a dependent child of a resident falls under a dependent child of another resident at the same time, he/she shall be deemed a dependent child of either of the residents, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 5 (Calculation of Labor Encouragement Subsidies)(1) Labor

encouragement subsidies shall be calculated as follows, based on gross pay, etc. In such cases, a labor encouragement subsidy of less than 15,000 won shall be deemed nil; and a labor encouragement subsidy of at least 15,000 won, but less than 30,000 won, shall be deemed 30,000 won: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

1. In cases of a single - person household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Labor Encouragement Subsidies

- (a) Less than 6 million won Amount of gross pay, etc. x 77/600
- (b) At least 6 million won, but less than 9 million won 770,000 won
- (c) At least 9 million won, but less than 13 million won 770,000 won - (Amount of gross pay, etc. - 9 million won) x 77/400

2. In cases of a single - income household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Labor Encouragement Subsidies

- (a) Less than 9 million won Amount of gross pay, etc. x 185/900
- (b) At least 9 million won, but less than 12 million won 1,850,000 won
- (c) At least 12 million won, but less than 21 million won 1,850,000 won - (Amount of gross pay, etc. - 12 million won) x 185/900

3. In cases of a dual - income household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Labor Encouragement Subsidies

- (a) Less than 10 million won Amount of gross pay, etc. x 230/1,000
- (b) At least 10 million won, but less than 13 million won 2,300,000 won
- (c) At least 13 million won, but less than 25 million won 2,300,000 won - (Amount of gross pay, etc. - 13 million won) x 230/1,200

4. Deleted.<by Act No. 12173, Jan. 1, 2014>

(2) For the purposes of paragraph (1), when the spouse of a resident (excluding a non - resident; hereafter in this paragraph, the same shall apply) has earned income or business income, the amount of gross pay, etc. shall be calculated by adding, to the amount of gross pay, etc. of the principal income earner prescribed by Presidential Decree among the resident and his/her spouse (hereafter in this Section and Section 10 - 4, referred to as "principal income earner"), the amount of gross pay, etc. of the principal income earner's spouse.<Amended by Act No. 12173, Jan. 1, 2014>

(3) Notwithstanding paragraph (1), where the total amount of property referred to in Article 100 - 3 (1) 4 is at least 100 million won, a labor encouragement subsidy shall be the equivalent to 50/100 of the labor encouragement subsidy calculated pursuant to paragraph (1).<Newly Inserted by Act No. 12173, Jan. 1, 2014>

(4) Notwithstanding paragraph (1), labor encouragement subsidies shall be calculated according to the labor encouragement subsidy calculation schedule prescribed by Presidential Decree by the range of the amount of gross pay, etc.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 6 (Filing Applications, etc. for Labor Encouragement Subsidies)(1) A

resident (or a resident who is a principal income earner in cases falling under Article 100 - 5 (2)) who intends to obtain a labor encouragement subsidy, shall file an application for a labor encouragement subsidy stating the following information, with the head of the tax office having jurisdiction over the place of tax payment, along

with evidentiary documents prescribed by Presidential Decree as necessary for verifying his/her eligibility for the labor encouragement subsidy, during the filing period of the final return on the tax base of global income under Article 70 or 74 of the Income Tax Act (hereafter in this Article, referred to as "filing period"):

<Amended by Act No. 12173, Jan. 1, 2014 >

1. His/her eligibility for application;
2. Amount of the labor encouragement subsidy calculated pursuant to Article 100 - 5.
(2) For the purposes of paragraph (1) or (8), if a resident dies, the resident's heir may file an application for a labor encouragement subsidy payable to the resident. In such cases, the application shall be deemed filed by the resident. <Amended by Act No. 12853, Dec. 23, 2014 >

(3) For the purposes of paragraph (1) or (8), if the spouse of a principal income earner files an application for a labor encouragement subsidy, the application shall be deemed filed by a resident who is the principal income earner. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014 >

(4) For the purposes of paragraph (1) or (8), if at least two residents in one household file applications for a labor encouragement subsidy respectively, the applications shall be deemed filed by one resident prescribed by Presidential Decree. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

(5) Paragraph (1) shall apply only where a resident files both a final return on the tax base of global income (including a final return on the tax base of global income filed by the resident's spouse) and an application for a labor encouragement subsidy under paragraph (1) (including an application for a labor encouragement subsidy filed after the end of the filing period for labor encouragement subsidy specified in paragraph (8)) during the filing period of the final return on the tax base of global income pursuant to Article 70 or 74 of the Income Tax Act: Provided, That, if a person who fails to file a final return on the tax base of global income during the filing period of the final return on the tax base of global income, files a final return on the tax base of global income by not later than the date of determination of labor encouragement subsidy under Article 100 - 7 (including a final return on the tax base of global income filed by the person ' s spouse), the final return on the tax base of global income shall be deemed filed during the filing period of the final return on the

tax base of global income under Article 70 or 74 of the Income Tax Act. <Amended by Act No. 12173, Jan. 1, 2014>

(6) For the purposes of this Section, a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act, shall be deemed filed in any of the following circumstances: <Amended by Act No. 12853, Dec. 23, 2014>

1. Where a daily employed worker defined under Article 14 (3) 2 of the Income Tax Act, files an application for a labor encouragement subsidy for his/her wages under paragraph (1) or (8);
2. Where a person prescribed by Presidential, based on the amount of global income, etc., among those who must file a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act, files an application for a labor encouragement subsidy for his/her wages under paragraph (1) or (8);
3. Where a person exempt from filing a final return on the tax base of global income under Article 73 of the Income Tax Act, files an application for a labor encouragement subsidy for his/her wages under paragraph (1) or (8).

(7) Deleted. <by Act No. 12853, Dec. 23, 2014>

(8) A resident who fails to apply for a labor encouragement subsidy during the filing period set under paragraph (1), may file an application therefor within six months from the day immediately following the end of such filing period (hereafter in this Section, referred to as "late application for a labor encouragement subsidy"). <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(9) Deleted. <by Act No. 14390, Dec. 20, 2016>

(10) The head of the tax office having jurisdiction over the place of tax payment may take necessary measures, such as giving information about how to file an application for labor encouragement subsidies using the tax data, such as the statement of payment submitted under Article 164 of the Income Tax Act. <Newly Inserted by Act No. 11133, Dec. 31, 2011>

(11) Information about how to file an application for labor encouragement subsidies; filing procedures; the application form; and the submission of materials for verifying the eligibility to file an application; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 7 (Determination of Labor Encouragement Subsidies)(1) Upon receipt of an application for a labor encouragement subsidy filed under Article 100 - 6 (1) or a late application for a labor encouragement subsidy filed under Article 100 - 6 (8), the head of the tax office having jurisdiction over the place of tax payment shall determine the amount of the labor encouragement subsidy, as prescribed by Presidential Decree, within three months after the end of the filing period of a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act (or the end of the month in which the application is filed, in cases of a late application for a labor encouragement subsidy): Provided, That the head of such tax office may extend the period for determining the labor encouragement subsidy by up to two months if it is impracticable to determine the amount of such labor encouragement subsidy within three months due to any cause prescribed by Presidential Decree.

<Amended by Act No. 12853, Dec. 23, 2014 >

(2) Upon receipt of a late application for a labor encouragement subsidy, the head of the tax office having jurisdiction over the place of tax payment shall determine the equivalent to 90/100 of the labor encouragement subsidy determined under paragraph (1), as the labor encouragement subsidy payable to the relevant applicant.

<Newly Inserted by Act No. 12173, Jan. 1, 2014 >

(3) If the labor encouragement subsidy calculated under Article 100 - 5 (4) is reduced to less than 30,000 won under paragraph (2) and Article 100 - 5 (3), the head of the tax office having jurisdiction over the place of tax payment shall determine that the labor encouragement subsidy is 30,000 won.<Newly Inserted by Act

No. 14390, Dec. 20, 2016 >

(4) The labor encouragement subsidy determined under paragraphs (1) through (3) shall be deemed the amount of income tax already paid, in the relevant year, by a person who has filed an application for such labor encouragement subsidy (including a person who has filed a late application for such labor encouragement subsidy; hereafter in this Section, referred to as "applicant") pursuant to Article 100 - 6 (1).

<Amended by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 8 (Refund, etc. of Labor Encouragement Subsidies)(1) The head of the tax office having jurisdiction over the place of tax payment shall construe the labor

encouragement subsidy determined under Article 100 - 7 as the refundable tax amount and refund it by applying mutatis mutandis Article 51 of the Framework Act on National Taxes. <Amended by Act No. 12173, Jan. 1, 2014>

(2) Article 52 of the Framework Act on National Taxes shall not apply to refundable tax amount under paragraph (1) (if the refundable tax amount exceeds the labor encouragement subsidy determined under Article 100 - 7, the excess shall be excluded).

(3) The head of the tax office having jurisdiction over the place of tax payment shall, upon determination of the labor encouragement subsidy, notify the relevant applicant of such determination within 30 days after making such determination, and pay the refundable tax amount, if any, within said period, as prescribed by Presidential Decree.

(4) For the application mutatis mutandis of Article 51 of the Framework Act on National Taxes under paragraph (1), if a resident entitled to a labor encouragement subsidy has any delinquent national tax (referring to the amount of delinquent tax defined under Article 3 (1) 2 of the National Tax Collection Act; the same shall apply hereafter in this paragraph), up to 30/100 of the labor encouragement subsidy shall be appropriated for the delinquent national tax. In such cases, a national tax levied in addition to another national tax shall follow the principal tax. <Newly Inserted by Act No. 12031, Aug. 13, 2013; Act No. 13560, Dec. 15, 2015>

(5) The methods of calculating the refundable tax amount, and the procedures of refund, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 12031, Aug. 13, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 9 (Restriction on Refund of Labor Encouragement Subsidies)(1) Where an applicant (including the inheritor referred to in Article 100 - 6 (2); hereafter the same shall apply in this paragraph) has filed an application falsely stating, intentionally or by gross negligence, any of the following matters relating to the requirements for application for labor encouragement subsidies, the head of the tax office having jurisdiction over the place of tax payment shall not refund the labor encouragement subsidy to the applicant for two years (for five years, if he/she has filed a false application by fraudulent or other illegal means) from the year in which

such fact is ascertained (from the following year, if the labor encouragement subsidy is refunded under Article 100 - 8 in the year in which such fact is ascertained):

<Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014 >

1. Matters concerning his/her eligibility for application for labor encouragement subsidies prescribed under Article 100 - 3 (1) and (2);
2. Amount of gross pay, etc. for calculating labor encouragement subsidies under Article 100 - 5 (1) and (2).

(2) Paragraph (1) shall also apply to the person who has solicited the applicant to file an application falsely stating the matters relating to the requirements for application for labor encouragement subsidies pursuant to paragraph (1).

(3) The head of the tax office having jurisdiction over the place of tax payment shall notify the person subject to restriction on the refund of labor encouragement subsidies pursuant to paragraph (1) or (2) of the grounds and period for which when the refund of labor encouragement subsidies is restricted, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 10 (Correction, etc. of Labor Encouragement Subsidies)(1) The head of the tax office having jurisdiction over the place of tax payment shall correct a labor encouragement subsidy if he/she finds any omission or error in the labor encouragement subsidy determined under Article 100 - 7 (1).

(2) Article 47 - 3 of the Framework Act on National Taxes shall not apply where a labor encouragement subsidy requested by an applicant exceeds a labor encouragement subsidy determined under Article 100 - 7. <Amended by Act No. 11133, Dec. 31, 2011 >

(3) Where a labor encouragement subsidy determined under Article 100 - 7 is reduced by a correction made under paragraph (1) and the amount of tax refunded to an applicant exceeds the refundable amount of tax consequently, the amount calculated by the following formula shall be levied as penalty tax under Article 47 - 4 (1) of the Framework Act on National Taxes: Provided, That no penalty tax shall be levied in any case prescribed by Presidential Decree if the applicant has no fault: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 > Amount of tax excessively refunded x Period from the following day of the date of refund to

the day of the notification of tax payment x the interest rate prescribed by Presidential Decree, based upon the interest rates, etc. that the financial institutions apply to overdue loans.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 11 (Verification and Inspection of Applicants, etc.)

A public official who determines labor encouragement subsidies and performs related duties, may order any of the following persons to verify the eligibility to apply for the labor encouragement subsidy and matters necessary for determining the labor encouragement subsidy; to inspect the books of account, documents, and other relevant articles; or to submit such books of account, documents, and other relevant articles: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>

1. An applicant (including the applicant ' s heir referred to in Article 100 - 6 (2)) and his/her household members;
2. A person liable for withholding under Article 127 of the Income Tax Act;
3. A person liable for submitting a statement of payment under Article 164 of the Income Tax Act;
4. A person who has transacted (limited to a transaction that generates business income under Article 19 of the Income Tax Act) with any of the persons referred to in subparagraph 1.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 12 (Inquiries into Financial Transaction Information)(1) Where the head of the tax office having jurisdiction over the place of tax payment needs to verify the details of the financial transactions conducted by an applicant and his/her household members to determine or correct a labor encouragement subsidy, the Commissioner of the National Tax Service (including the commissioners of the regional tax offices; hereafter in this Article, the same shall apply), may request data about the details of financial transactions from the head of a finance company, etc. in writing or through the information and communications networks defined in subparagraph 18 of Article 2 of the Framework Act on National Taxes (hereafter in this Article, referred to as "information and communications networks"), as prescribed by Presidential Decree, notwithstanding Article 4 of the Act on Real Name Financial Transactions and

Confidentiality, and the head of the finance company, etc. shall transmit such data through the information and communications networks, or by means of the electronic record media, including diskettes and magnetic tapes. <Amended by Act No. 10854, Jul 14, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

(2) The Commissioner of the National Tax Service shall neither use data submitted pursuant to paragraph (1) for any purpose other than the purpose provided for in paragraph (1), nor provide them to any other agency.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 13 (Request for Data)

The Commissioner of the National Tax Service may request a State agency, a local government or any other organization or institution prescribed by Presidential Decree to provide him/her with such data specified by Presidential Decree as necessary for examining the eligibility for application for labor encouragement subsidies under Article 100 - 3 (1) and (2) and information about how to file an application for labor encouragement subsidies under Article 100 - 6 (10), such as family relation certificates. In such cases, the entity so requested shall provide him/her with such data, without just grounds. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 10 - 3 Special Taxation for Stabilization of National Living

Article 100 - 14 (Definitions)

The definitions of the terms used in this Section shall be as follows:

1. The term "partnership firm" means an organization established by two or more persons who invest money, an asset, labor, or any other resource to run it as a joint business and share the income or loss incurred while running the joint business;
2. The term "partner" means to a resident, non - resident, domestic corporation, or foreign corporation who has invested in a partnership firm;
3. The term "allocation" means an action to imputing the income, deficit, or similar of a partnership firm to the partners' income, deficit, or similar, regardless of whether

or not any asset is actually distributed, at the end of each taxable year;

4. The term "income or deficit of a partnership firm by partner groups" means the income or deficit for the pertinent taxable year as calculated in accordance with the Income Tax Act or the Corporate Tax Act by classifying partners into four groups of residents, non - residents, domestic corporations, and foreign corporations (hereinafter referred to as "partner groups") and treating each group of a partnership firm as a single resident, non - resident, domestic corporation, or foreign corporation;
5. The term "allocation rate of income or loss for each partner group" means the rate calculated by summing up the rates of income or loss allocated to all partners who belong to a partner group;
6. The term "amount of income or deficit allocable to a partner group" means the amount calculated by multiplying the amount of income or deficit of a partnership firm for partner groups by the allocation rate of income or loss for each partner group;
7. The term "value of equity shares" means a book value of equity shares in a partnership firm held by partners for the purpose of taxation, which shall serve as the basis in computation of taxable income at the time of transferring the equity shares in the partnership firm or distributing assets of the partnership firm;
8. The term "distribution" means an act of actually conveying an asset of a partnership firm to its partners.

[This Article Newly Inserted by Act No. 8827, Dec. 31, 2007]

Article 100 - 15 (Scope of Application)(1) A partnership firm and its partners are eligible for special taxation provided for in this Section (hereafter referred to as "special taxation for partnership firms" in this Section), if the partnership firm is any of the following organizations and files an application pursuant to Article 100 - 17: Provided, That a partner of a partnership firm is ineligible, as a partnership firm, for special taxation for partnership firms, if the partner firm itself has been accorded such special taxation for partnership firms, while the place of business of a foreign organization specified in subparagraph 5 in the Republic of Korea shall be deemed a partner firm and is eligible for special taxation for partnership firms only for the income vested in the relevant place of business in the Republic of Korea: <Amended

by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 11845, May 28, 2013; Act No. 13448, Jul. 24, 2015 >

1. An association established under the Civil Act;
2. A partnership firm and an undisclosed association established under the Commercial Act (excluding a collective investment scheme in the form of an association and a collective investment scheme in the form of an undisclosed investment association defined in Article 9 (18) 5 and 6 of the Financial Investment Services and Capital Markets Act);
3. An unlimited partnership company or a limited partnership company incorporated under the Commercial Act (excluding companies that are not private equity funds defined under Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act, among investment limited partnership companies defined under Article 9 (18) 4 of the same Act);
4. An organization prescribed by Presidential Decree, similar to those referred to in subparagraphs 1 through 3 or engaging mainly in providing personal services;
5. A foreign organization similar to those referred to in subparagraphs 1 through 4 and meeting the criteria prescribed by Presidential Decree, among foreign corporations defined under subparagraph 3 of Article 1 of the Corporate Tax Act or non - corporate organizations deemed non - residents under Article 2 (3) of the Income Tax Act.

(2) This Section shall apply in preference to the provisions of respective tax - related Acts pertaining to the partnership firms eligible for special taxation for partnership firms and their partners.

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 100 - 16 (Duties of Partnership Firms and Partners to Pay Taxes)(1)

Notwithstanding Article 2 (1) of the Income Tax Act and Article 2 (1) and (2) of the Corporate Tax Act, partnership firms shall be exempted from the income tax or corporate tax on the incomes referred to in Article 3 of the Income Tax Act and the subparagraphs of Article 3 (1) of the Corporate Tax Act.

(2) Partners shall be liable to pay the income tax or corporate tax on the partnership firm's income as allocated under Article 100 - 18.

(3) Where a domestic corporation benefits from the special provisions on taxation for partnership firms, the domestic corporation (hereinafter referred to as "corporation converted into a partnership firm") shall be liable to pay the amount calculated by applying the tax rate under Article 55 (1) of the Corporate Tax Act to the tax base calculated, as prescribed by Presidential Decree, based on the amount of the liquidation income by dissolution under Article 79 (1) of the Corporate Tax Act as corporate tax (hereinafter referred to as "corporate tax on quasi - liquidation income").

(4) A corporation converted into a partnership firm shall file a return on his/her tax base and tax amount of the corporate tax on quasi - liquidation income to the head of a tax office having jurisdiction over the place of tax payment by no later than three months after the ending date of the business year immediately preceding the first business year in which it benefitted from the special provisions on taxation for partnership firms.

(5) A corporation converted into a partnership firm shall pay the tax amount of the corporate tax on quasi - liquidation income in at least the equal amount for three years from the filing deadline under paragraph (4).

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 100 - 17 (Application for Eligibility for or Waiver of Special Taxation for

Partnership Firms)(1) A firm shall, if it desires to become eligible for the special taxation for partnership firms, file an application with the head of the competent tax office prescribed by Presidential Decree.

(2) A partnership firm eligible for the special taxation for partnership firms may waive such special taxation prescribed by Presidential Decree: Provided, That it shall not waive the special taxation for partnership firms during the period of time between the taxable year in which it benefits from the special taxation initially and the taxable year that ends within four years from the first day of the taxable year immediately following the aforementioned first taxable year.

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 100 - 18 (Calculation and Allocation of Income, etc. of Partnership Firms)(1) The income or deficit to allocate to each partner group shall be allocated to each partner of the partner group in proportion to the allocation rate of profit or loss among the

partners at the end of each taxable year: Provided, That in cases of a partner prescribed by Presidential Decree who has invested in the partnership firm but has not participated in its management (hereafter referred to as "passive partner" in this Section), no deficit may be allocated to such partner, however, an amount computed by deducting the deficit that has not been allocated from the amount of allocable income, as prescribed by Presidential Decree, when the amount of income is allocated to such passive partner in each taxable year that end within ten years from the end of the relevant taxable year.

(2) The deficit allocated to each partner under paragraph (1) may not exceed the value of equity shares held by each partner as at the end of the pertinent taxable year of the partnership firm. In such cases, the deficit exceeding the value of equity shares held by a partner shall be carried over to, and allocated over, the taxable years that end within ten years after the first day of the taxable year immediately following the pertinent taxable year, as prescribed by Presidential Decree.

(3) When a partner calculates the tax base of the income tax or corporate tax for the taxable year in which the taxable year of the partnership firm ends, the income distributed or the deficit allocated to the partner under paragraph (1) shall be deemed the gross income or deductible expenses as classified by Presidential Decree: Provided, That, if such partner is a passive partner (excluding any passive partner prescribed by Presidential Decree in whose case no tax is levied on the income distributed in its domicile country, such as pensions, funds, etc. established in a country with which the Republic of Korea has signed a tax treaty, among the passive partners of private equity funds defined under Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act), the distributed income shall be deemed an income defined under Article 17 (1), subparagraph 2 of Article 119 of the Income Tax Act, and subparagraph 2 of Article 93 of the Corporate Tax Act.

[<Amended by Act No. 11614, Jan. 1, 2013; Act No. 13448, Jul. 24, 2015>](#)

(4) The following amounts related to a partnership firm shall be allocated to each partner in proportion to the allocation rate of profit or loss among partners at the end of each taxable year: Provided, That the amount referred to in subparagraph 4 shall be allocated only to the partners that are domestic corporations or foreign corporations:

1. Tax credits and tax amounts reduced or exempted under the Corporate Tax Act and this Act;
2. Tax amounts withheld under Article 73 of the Corporate Tax Act for the income generated by the partnership firm;
3. Additional taxes imposed under Article 76 of the Corporate Tax Act and Article 100 - 25 of this Act;
4. Corporate taxes on capital gains from transfer of land, etc. under Article 55 - 2 of the Corporate Tax Act.

(5) When each partner files a return on the income tax or corporate tax for the taxable year in which the taxable year of the partnership firm ends, to pay the tax, such partner shall deduct the amounts referred to in paragraph (4) 1 and 2 out of the amount allocated under paragraph (4) from the income tax or corporate tax of the partner, and shall add the amounts referred to in paragraph (4) 3 and 4 to the income tax or corporate tax of the partner.

(6) The determination of the allocation rate of profit or loss, the calculation and allocation of income, deficits, etc. of a partnership firm, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 19 (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, both the partnership firm and the partner shall include the profits or losses incurred from the transaction in the gross income or deductible expenses in calculating the income for the pertinent taxable year.

(2) If it is found that a partnership firm or a partner, to whom paragraph (1) shall apply, understates the income dishonestly, the head of the tax office having jurisdiction over the place of tax payment may apply mutatis mutandis Article 52 of the Corporate Tax Act to the calculation of the income in question. In such cases, the partnership firm and the partner shall be deemed a related person referred to in paragraph (1) of the same Article. <Amended by Act No. 11133, Dec. 31, 2011>

(3) The criteria for determining whether a transaction is made as a third party, the scope of inclusion in gross income and deductible expenses, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 20 (Adjustment of Value of Equity Shares)(1) If a partner receives dividends distributed from the income of his/her partnership firm or if any event prescribed by Presidential Decree occurs, the value of equity shares held by the partner shall be adjusted and raised higher accordingly.

(2) If a partner receives an asset distributed by his/her partnership firm or if any event prescribed by Presidential Decree occurs, the value of equity shares held by the partner shall be adjusted and reduced accordingly.

(3) The adjustable amount of equity shares, the order of adjustment, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 21 (Transfer of Equity Shares in Partnership Firms)(1) Where a partner transfers his/her equity shares in his/her partnership firm to other persons, the income derived from the transfer of the equity shares shall be regarded as the one derived from the transfer of an asset (referring to the asset under subparagraph 9 (b) of Article 119 of the Income Tax Act in the case the relevant partner is a non-resident, and the asset under subparagraph 7 (b) or 9 (a) of Article 93 of the Corporate Tax Act in case it is a foreign corporation) under Article 94 (1) 3 or 4 (b) of the Income Tax Act and thus the capital gains tax or the corporate tax shall be levied on such income pursuant to the Income Tax Act or the Corporate Tax Act.
<Amended by Act No. 11614, Jan. 1, 2013>

(2) The method of calculating the capital gains of equity shares and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 22 (Distribution of Assets of Partnership Firms)(1) Where a partner receives assets distributed by his/her partnership firm and the market value of the distributed assets exceeds the value of stakes held by the partner on the date of distribution, the excessive amount shall be regarded as the income under Article 17 (1) of the Income Tax Act in calculating his/her income for the taxable year to which the date of distribution belongs.

(2) Where a partner receives assets distributed by his/her partnership firm as a consequence of such cause specified by Presidential Decree such as the dissolution of partnership firm, etc. and the market value of the distributed assets does not reach the value of stakes held by the partner, the deficient amount shall be regarded as a loss incurred in the transfer of assets under Article 94 (1) 3 or 4 (c) of the Income Tax Act in calculating his/her income for the taxable year to which the date of distribution belongs.

(3) An amount equivalent to the value of stakes of the relevant partner on the date of distribution from among the market value of assets distributed by a partnership firm in cases under paragraphs (1) and (2) shall not be included in the gross income when calculating the tax base of income tax or corporate tax of the taxable year to which the date of distribution of the relevant partner belongs. <Newly Inserted by Act No. 9272, Dec. 26, 2008 >

[This Article Newly Inserted by Act No. 8827, Dec. 31, 2007]

Article 100 - 23 (Reporting on Details of Calculation and Allocation of Income of Partnership Firms)

(1) Every partnership firm shall report the details of calculation and allocation of its income for the pertinent taxable year to the head of the competent tax office, as prescribed by Presidential Decree, no later than the fifteenth day of the third month from the end of the month to which the ending date of the taxable year belongs.

(2) Paragraph (1) shall also apply to the partnership firms that have no income generated or deficit incurred during the respective taxable year.

(3) A partnership firm shall notify its respective partners of the reported details concerning the relevant partner when filing a report pursuant to paragraph (1).

<Newly Inserted by Act No. 10406, Dec. 27, 2010 >

[This Article Newly Inserted by Act No. 8827, Dec. 31, 2007]

Article 100 - 24 (Withholding Taxes from Non - resident or Foreign Corporation Partners)

(1) A partnership firm shall collect the income tax or the corporate tax equivalent to the amount calculated by the following tax rates on the income distributed to the partner that is a non - resident or a foreign corporation, and shall pay it to the head of the tax office having jurisdiction over the place of tax payment by the time limit for filing a return under Article 100 - 23 (1) (or the tenth day of the month immediately

following the month in which the income is distributed or the time limit under Article 100 - 23 (1), whichever is earlier, where an amount for which the return under Article 100 - 23 has not been filed is distributed): <Amended by Act No. 11614, Jan. 1, 2013>

1. Tax rates under Article 156 (1) 3 of the Income Tax Act and Article 98 (1) 3 of the Corporate Tax Act in cases of a passive partner: Provided, That where the proviso to paragraph (3) or the main sentence of Article 100 - 18 (3) is applied, tax rates under the subparagraphs of Article 156 (1) of the Income Tax Act and the subparagraphs of Article 98 (1) of the Corporate Tax Act;

2. The highest tax rate of the tax rates under the following items in cases of a partner other than a passive partner:

(a) If a partner is a non - resident: The tax rate under Article 55 of the Income Tax Act;

(b) If a partner is a foreign corporation: The tax rate under Article 55 of the Corporate Tax Act.

(2) Every partnership firm that withholds taxes in accordance with paragraph (1) shall submit a statement of payments in accordance with Article 164 - 2 of the Income Tax Act and Article 120 - 2 of the Corporate Tax Act. In such cases, such income shall be deemed as the one that the partnership firm has paid to the partner that is either a non - resident or a foreign corporation, at the time of filing a return under Article 100 - 23 (or at the time of distributing it, where an amount for which a return under Article 100 - 23 has not been filed is distributed).

(3) The proviso to Article 100 - 18 (3) shall apply to the classification of income distributed to a passive partner: Provided, That when it is deemed that a passive partner has reduced the income tax or corporate tax unjustly by his/her having been distributed the income through a partnership firm not by having been paid the income directly, the classification of income under the proviso to Article 100 - 18 (3) shall not apply, but the classification of income under Article 119 of the Income Tax Act or Article 93 of the Corporate Tax Act shall apply based on the income received by a partnership firm.

(4) A non - resident who has income under paragraph (1) 2 and a partner who is a foreign corporation shall make a final report of tax base of the income tax by applying mutatis mutandis the provisions of Articles 121 through 125 of the Income

Tax Act or a report of tax base of the corporate tax by applying mutatis mutandis Articles 91, 92, 95, 95 - 2 and 97: Provided, That where a partnership firm has withheld and paid the income tax or corporate tax pursuant to paragraph (1), it needs not make a final report of tax base or a report of tax base.

(5) Where the income classified by application of the proviso to paragraph (3) or the main sentence of Article 100 - 18 (3) to a passive partner is the income under subparagraph 3 of Article 119 of the Income Tax Act, subparagraph 3 of Article 93 of the Corporate Tax Act or that under subparagraph 9 of Article 119 of the Income Tax Act, subparagraph 7 of Article 93 of the Corporate Tax Act, it shall not be withheld with tax rates under the proviso to paragraph (1) 1 but shall comply with the methods under the following subparagraphs: <Amended by Act No. 11614, Jan. 1, 2013>

1. In cases of the income under subparagraph 3 of Article 119 of the Income Tax Act or subparagraph 3 of Article 93 of the Corporate Tax Act: Method for a partner to make a report and pay by applying paragraph (4) mutatis mutandis;
2. In cases of the income under subparagraph 9 of Article 119 of the Income Tax Act or subparagraph 7 of Article 93 of the Corporate Tax Act: Method for a partnership firm to withhold with tax rates under paragraph (1) 1 and a partner to make a report and pay by applying paragraph (4) mutatis mutandis.

(6) When applying paragraphs (1) 2 and (4), a place where a partnership firm conducts a business shall be deemed a domestic place of business of a non - resident or a partner who is a foreign corporation.

(7) Articles 156 - 2 through 156 - 5 of the Income Tax Act, Articles 98 - 3 through 98 - 5 of the Corporate Tax Act and Article 29 of the Adjustment of International Taxes Act shall apply mutatis mutandis to the application method of withholding under paragraph (1) 1, (3) and (5) 2.

(8) Where a non - resident or a partner who is a foreign corporation has a domestic place of business (excluding cases where it is deemed as a domestic place of business pursuant to paragraph (6) ; hereafter the same shall apply in this paragraph) under Article 120 of the Income Tax Act or Article 94 of the Corporate Tax Act and the income distributed to a partner is that reverting to the domestic place of business, the provisions under paragraphs (1) through (7) shall not apply to the income, and the relevant tax amount shall be reported and paid after adding it up to tax base of the domestic place of business.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 100 - 25 (Additional Tax)(1) If a partnership firm fails to file a return under Article 100 - 23 (1) or files a return with an amount of income less than the one that should be reported fairly, the head of the competent tax office shall levy the amounts of the following subparagraphs as an additional tax. In such cases, the method of calculating the income that shall be reported fairly shall be prescribed by Presidential Decree:

1. If no return has been filed: 4/100 of the income that shall be reported fairly;
2. If the return filed states an amount of income less than the one that shall be reported fairly: 2/100 of the understated amount of income.

(2) If a partnership firm fails to pay a tax that it has already withheld or is obligated to withhold under Article 100 - 24 by the time limit or pays tax amount less than the one that it owes to pay, the head of the competent tax office shall levy the greater amount of those of the following subparagraphs (which shall not exceed 10/100 of the tax amount not paid or the one paid less) as the additional tax:

1. Tax amount not paid or paid less × Period from the date following the time limit for payment to the date of voluntary payment or the date of notice of payment demand × Interest rate prescribed by Presidential Decree, reflecting the interest rate that financial institutions apply to overdue loans;
2. 5/100 of the tax amount not paid or paid less.

[This Article Newly Inserted by Act No. 8827, Dec. 31, 2007]

Article 100 - 26 (Provisions Applicable Mutatis Mutandis)

In cases of partnership firms that are not corporations, with regard to the matters prescribed by Presidential Decree, including the taxable year, tax payment place, business registration, tax credits, tax reduction, tax exemption, withholding, additional tax, corporate tax on the capital gains from land, etc., such partnership firms shall be deemed a single domestic corporation and the relevant provisions of the Corporate Tax Act and this Act shall apply mutatis mutandis to such partnership firms. <Amended by Act No. 11614, Jan. 1, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

SECTION 10 - 4 Special Taxation for Encouragement of Children

Article 100 - 27 (Child Care Tax Credit System)

In order to support child care costs for low - income earners, child care subsidies shall be determined and refunded, by applying the child care tax credit system provided for in Articles 100 - 28 through 100 - 31.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 100 - 28 (Eligibility to Apply for Child Care Subsidies)(1) A resident prescribed by Presidential Decree, among residents who have business income defined under Article 19 of the Income Tax Act or earned income defined under Article 20 of the same Act during the taxable period of income tax, may apply for a child care subsidy for that taxable period of income tax, if the resident fully meets the following requirements: <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14760, Apr. 18, 2017>

1. The resident shall have a dependent child;
2. The resident ' s annual total income (including his/her spouse; hereafter in this Article, the same shall apply), shall not exceed 40 million won;
3. Deleted;<by Act No. 14390, Dec. 20, 2016>
4. The total amount of assets held by all household members, shall not exceed 200 million won.

(2) Notwithstanding paragraph (1), none of the following residents is eligible to apply for a child care subsidy:

1. Where a resident falls under any of Article 100 - 3 (2) 2 or 3;
2. Where a resident has fully or partially received the benefit referred to in Article 7 (1) 1 of the National Basic Living Security Act during the period between March 1 and March 31 of the year in which the date of the application for a child care subsidy falls.

(3) Except as otherwise expressly provided for in paragraphs (1) and (2), Article 100 - 3 shall apply mutatis mutandis to the eligibility to apply for a child care subsidy. In such cases, "labor encouragement subsidy" shall be construed as "child care subsidy."

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 100 - 29 (Calculation of Child Care Subsidies)(1) Child care subsidies shall be calculated as follows, based on the amount of gross pay, etc.: Provided, That child care subsidies shall be deemed nil, if the amount calculated in accordance with Article 100 - 5 (1) 2 (a) and 3 (a) is less than 15,000 won: <Amended by Act No. 14390, Dec. 20, 2016>

1. In cases of a single - income household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Child Care Subsidies

(a) Less than 21 million won Number of dependent children x 500,000 won

(b) At least 21 million won, but less than 40 million won Number of dependent children x [500,000 won - (Amount of gross pay, etc. - 21 million won) x 20/1,900]

2. In cases of a dual - income household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Child Care Subsidies

(a) Less than 25 million won Number of dependent children x 500,000 won

(b) At least 25 million won, but less than 40 million won Number of dependent children x [500,000 won - (Amount of gross pay, etc. - 25 million won) x 20/1,500]

(2) Child care subsidies shall be calculated according to the child care subsidy calculation schedule prescribed by Presidential Decree by the range of the amount of gross pay, etc.

(3) Article 100 - 5 shall apply mutatis mutandis to matters not provided for in this Article regarding to the calculation of child care subsidies. In such cases, "labor encouragement subsidy" shall be construed as "child care subsidy."

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 100 - 30 (Application, etc. for Child Care Subsidies)(1) Any resident (referring to a resident who is a principal income earner where Article 100 - 5 (2) applies mutatis mutandis under paragraph (3)) who intends to receive a child care subsidy shall file an application for child care subsidy stating the following matters, with the head of the tax office having jurisdiction over the place of tax payment by appending the evidentiary documents prescribed by Presidential Decree as necessary for examining the eligibility for application for child care subsidy, during the filing period

of a final return on tax base of global income pursuant to Article 70 or 74 of the Income Tax Act:

1. Eligibility for application;

2. Amount of child care subsidy calculated under Article 100 - 29.

(2) Notwithstanding paragraph (1), no child care subsidy shall be applied in duplication with the tax credit for children under Article 59 - 2 of the Income Tax Act.

(3) With regard to applications, etc. for child care subsidies, Article 100 - 6 shall apply mutatis mutandis to matters not provided for in this Article. In this regard, "labor encouragement subsidy" shall be construed as "child care subsidy".

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 100 - 31 (Application Mutatis Mutandis of Matters concerning Child Care

Subsidies, etc.)(1) Articles 100 - 4 and 100 - 7 (excluding paragraph (3)) through 100 - 13, shall apply mutatis mutandis to the requirements for dependent children and the timing for determination thereof; the determination, refund, etc. of child care subsidies; restrictions on refund of child care subsidies; corrections, etc.; the verification and inspection of applicants, etc.; inquiries into financial transaction information; and requests for data. In such cases, "labor encouragement subsidy" shall be construed as "child care subsidy." <Amended by Act No. 14390, Dec. 20, 2016>

(2) If a child care subsidy determined under Article 100 - 29 (2) is reduced to less than 30,000 won (excluding where the amount is zero or a negative figure) under paragraph (1) and Articles 100 - 29 (3) and 100 - 30 (2), the head of the tax office having jurisdiction over the place of tax payment shall determine that the child care subsidy is 30,000 won.<Newly Inserted by Act No. 14390, Dec. 20, 2016>

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Articles 100 - 32 through 100 - 34 Deleted.<by Act No. 10406, Dec. 27, 2010>

SECTION 11 Special Taxation for Other Direct National Taxes

Article 101 (Special Case of Application of Additional Appraisal to Largest Stockholder, etc. of Small or Medium Enterprises)

For the purposes of Article 63 of the Inheritance Tax and Gift Tax Act, where stocks or equity shares held by the largest stockholder or the largest investor under Article 63 (3) of the same Act and by any stockholder or investor who is a related person to such largest stockholder or largest investor, are inherited or gifted on or before December 31, 2017, the value of such stocks or equity shares shall be appraised under Article 63 (1) 1 and (2) of the same Act, notwithstanding Article 63 (3) of the same Act. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 102 (Tax Reduction or Exemption for Income from Forest Development)(1) If any income accrues by not later than December 31, 2018 from the logging or transfer of a forest newly - afforested by a national according to his/her forest management plan or through a project for a special forest business zone designated under the Creation and Management of Forest Resources Act (including any designated development project in a designated development area under Article 2 of the Addenda to the Forestry Act as amended by Act No. 4206, which is the designated development area designated under the former Forestry Act prior to the enforcement of the amended Forestry Act), or a seed - collection forest, a forest protection area designated under Article 7 of the Forest Protection Act which he/she has afforested for at least ten years, the national is entitled to reduction of an amount of tax equivalent to 50/100 of income tax or corporate tax levied on such income. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015 >

(2) Any person who intends to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 103 Deleted. <by Act No. 6297, Dec. 29, 2000 >

Article 104 Deleted. <by Act No. 8827, Dec. 31, 2007 >

Article 104 - 2 (Assistance to Fishermen Affected by Fishery Treaties)(1) No income tax or corporate tax shall be levied on the subsidies falling under any of the following subparagraphs which are paid not later than December 31, 2009:

1. Subsidies granted under Article 4 (1) of the Special Act on Assistance to Fishers, etc. and Development of Fisheries following the Conclusion of Fisheries Agreement to the fishermen, etc. under the same Act (hereafter referred to as "fishermen, etc." in this Article);

2. Unemployment subsidies granted to fishing vessel crews under Article 5 (1) of the Special Act on Assistance to Fishers, etc. and Development of Fisheries following the Conclusion of Fisheries Agreement.

(2) Subsidies granted to the fishermen, etc. for renovation of their fishing vessels and gears and fishing operation expenses, not later than December 31, 2009, pursuant to Article 4 (3) of the Special Act on Assistance to Fishers, etc. and Development of Fisheries following the Conclusion of Fisheries Agreement (hereafter referred to as "fishery subsidies" in this paragraph) shall not be included in the gross income in calculating their income amount, and any disbursement of the relevant fishery subsidies or any depreciation of business assets acquired with the fishery subsidies shall not be added to the deductible expenses.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 3 (Special Taxation on Special Purpose Companies for Recapitalization)(1)

Where a corporation designated by the Minister of Strategy and Finance (hereafter in this Article, referred to as "special purpose company for recapitalization"), incorporated to support recapitalization of financial institutions prescribed by Presidential Decree, recognizes the reserves for loss compensation as deductible expenses by the business year ending as at December 31, 2021 in order to compensate for any loss occurring from raising or investing funds in the manners prescribed by Presidential Decree, the corporation is entitled to include the smaller of the amounts calculated as follows, in its deductible expenses, when calculating the amount of income of the relevant business year: <Amended by Act No. 14390, Dec. 20, 2016>

1. 100/100 of the amount of income prior to including the reserves for loss compensation in the deductible expenses of the relevant business year;

2. The amount subtracting the balance of the reserves for loss compensation from the investment prescribed by Presidential Decree as at the end of the relevant business year: Provided, That where the relevant amount is negative, the amount

shall be deemed nil.

(2) A corporation that has recognized the reserves for loss compensation as deductible expenses under paragraph (1), shall first offset any loss incurred by the reserves for loss compensation recognized as deductible expenses.

(3) If any balance remains in the reserves for loss compensation included in deductible expenses under paragraph (1) after offsetting under paragraph (2) by the end of the business year falling on the fifth anniversary from the end of the business year in which such reserves for loss compensation was included in deductible expenses, the balance shall be included in the gross income for the purposes of calculating the amount of income of the business year in which the fifth anniversary falls.

(4) Where any of the following events occurs in relation to a special purpose company for recapitalization, the special purpose company for recapitalization shall include the full amount of the reserves for loss compensation not included in its gross income, in its gross income for the purposes of calculating the amount of income of the taxable year in which such event occurs:

1. Where it closes the relevant business;
2. Where it is dissolved.

(5) Any person who intends to be eligible for paragraph (1), shall submit a statement of the reserves for loss compensation to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 4 (Special Taxation for Income Tax, etc. on Multilateral - Trade Contracts)

Article 94 of the Income Tax Act, Article 8 of the Securities Transaction Tax Act, and Article 5 (1) 5 of the Act on Special Rural Development Tax shall apply to listed stocks among the stocks traded through a multilateral - trade contracting company under Article 8 - 2 (5) of the Financial Investment Services and Capital Markets Act, regarding that they are traded on the securities market.

[This Article Wholly Amended by Act No. 12173, Jan. 1, 2014]

Article 104 - 5 Deleted. <by Act No. 12173, Jan. 1, 2014>

Article 104 - 6 Deleted. <by Act No. 11133, Dec. 31, 2011 >

Article 104 - 7 (Special Taxation for Rearrangement Project Associations)(1)

Notwithstanding Article 2 of the Corporate Tax Act, the Income Tax Act shall apply to a reconstruction association that obtained authorization for its establishment as at June 30, 2003 under Article 44 (1) of the Housing Construction Promotion Act (referring to the same Act prior to its amendment by Act No. 6852) and registered as a corporation under Article 18 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (hereafter in this Article, referred to as "converted rearrangement project association"), deeming such association and its members to be the place of joint business and the joint business operators, respectively, under Articles 87 (1) and 43 (3) of the Income Tax Act: Provided, That the same shall not apply to the year following the relevant business year in which the converted rearrangement project association files the tax return and amount of tax of its income for the relevant business year with the head of the tax office having jurisdiction over the place of tax payment pursuant to Article 60 of the Corporate Tax Act. <Amended by Act No. 10406, Dec. 27, 2010 >

(2) The Corporate Tax Act (excluding Article 29 of the same Act) shall apply to an association established under Article 18 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (including a converted rearrangement project association; hereafter in this Article, referred to as "rearrangement project association"), notwithstanding Article 1 of the Corporate Tax Act, deeming such association to be a nonprofit domestic corporation. In such cases, the same shall apply to a converted rearrangement project association only if it has filed the tax return and amount of tax under the proviso to paragraph (1).<Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014 >

(3) No parcels of land nor buildings (limited to those constructed by the implementation of a rearrangement project; hereafter in this Article, the same shall apply) which are provided according to the management and disposition schedule by a rearrangement project association to its members in substitute for the former parcels of land, after such rearrangement project has been completed under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, shall be deemed goods supplied under Articles 9 and 10 of the Value -

Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013>

(4) Where a rearrangement project association has transferred, to any third person, the ownership of all land and buildings constructed by the rearrangement project according to its management and disposition schedule, and has allotted or transferred to any third person even the residual property without paying national taxes along with additional charges or expenses for disposition on default, those person to whom such residual property was allotted or transferred shall, only if there is no sufficient amount collectable even by a disposition on default with respect to the rearrangement project association, bear the secondary tax liability for a deficiency in the total amount to be collected. In such cases, the secondary tax liability shall be limited to as much as the price of such residual property allotted or transferred to them.

(5) For the purposes of paragraph (2), the scope of the projects of the rearrangement project association excluded from taxable income under Article 3 of the Corporate Tax Act, and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 8 (Tax Credits for Electronic Returns)(1) Where a taxpayer directly files a tax return of income tax or corporate tax prescribed by Presidential Decree by means of electronic return provided for in Article 5 - 2 of the Framework Act on National Taxes (hereafter in this Article, referred to as "electronic return"), the taxpayer is entitled to deduction of an amount prescribed by Presidential Decree from the amount of tax payable. In such cases, where the amount of tax payable is a negative number, it shall be deemed nil.

(2) Where a taxpayer directly files a return on value - added tax prescribed by Presidential Decree by means of electronic return, an amount prescribed by Presidential Decree shall be either deducted from the relevant amount of tax payable or added to the refundable amount: Provided, That the aforesaid provisions shall not apply to any general taxable person defined under subparagraph 5 of Article 2 of the Value - Added Tax Act who does not keep a record on selling prices and purchase prices; and if the deductible amount of tax by a simplified taxable person defined under subparagraph 4 of the same Article, exceeds an amount calculated by adding

or subtracting the amounts referred to in Articles 63 (3), 64, and 65 of the same Act to or from the amount of tax payable, such excess shall be deemed nil. <Amended by Act No. 11873, Jun. 7, 2013 >

(3) Where a certified tax accountant under the Certified Tax Accountant Act (including any certified public accountant registered under Article 20 - 2 (1) of the Certified Tax Accountant Act, any tax accounting firm registered under the same Act, and any accounting firm registered under the Certified Public Accountant Act; hereafter in this paragraph, the same shall apply), files an income tax return or corporate tax return by means of electronic return for the immediately preceding taxable year on behalf of a taxpayer, the certified tax accountant is entitled to deduct an amount referred to in paragraph (1) from the amount of income tax or corporate tax payable by him/her; and where he/she files a value - added tax return for the immediately preceding taxable year, the certified tax accountant is entitled to deduct an amount referred to in paragraph (2) from the amount of value - added tax payable by him/her. In such cases, the ceilings of annual tax credits shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 9 (Inclusion of Reserve Funds for Participation in EXPO 2012 Yeosu Korea in Deductible Expenses)

(1) Where a domestic corporation (including domestic corporations that are the subcontractors of such domestic corporation; hereafter the same shall apply in this Article) that entered into a contract (hereafter referred to as "contract for participation in EXPO" in this Article) to participate in the projects prescribed by Presidential Decree with the Organizing Committee for the EXPO 2012 Yeosu Korea established under the Special Act on Support for and Follow - Up on the Expo 2012 Yeosu Korea (hereafter referred to as the "EXPO 2012 Yeosu Korea" in this Article) has appropriated reserve funds for participation for deductible expenses for each business year ending on or before December 31, 2011, the domestic corporation shall include such amount in the deductible expenses when calculating the amount of income for the relevant business year. <Amended by Act No. 12853, Dec. 23, 2014 >

(2) Where a domestic corporation that has appropriated reserve funds for participation for deductible expenses as prescribed in paragraph (1) disburses

expenses prescribed by Presidential Decree in order to participate in the EXPO 2012 Yeosu Korea, the domestic corporation shall, first of all, offset such expenses by the reserve funds for participation already appropriated as deductible expenses.

(3) The reserve funds for participation appropriated for deductible expenses as prescribed in paragraph (1) shall be included in the gross income as follows:

[<Amended by Act No. 11241, Jan. 26, 2012>](#)

1. As for the reserve funds for participation equivalent to the amount disbursed by not later than December 31, 2012 in order to acquire fixed asset for business to be established in the district where the EXPO grounds defined under subparagraph 6 of Article 2 of the Special Act on Support for and Follow - Up on the Expo 2012 Yeosu Korea are to be created, an amount computed by dividing such reserve funds for participation by 36, which is then multiplied by the number of months of the relevant business years, shall be included in the gross income when calculating the amount of income for each business year starting from the business year in which December 31, 2012 falls;

2. Where the reserve funds for participation included in the deductible expenses as prescribed in paragraph (1) exceeds the aggregate of the amount offset as prescribed in paragraph (2) and the amount to be included in the gross income as prescribed in subparagraph 1, such excess amount shall be included in the gross income when calculating the amount of income for the business year in which December 31, 2012 falls: Provided, That, if an amount is not disbursed for participation in the EXPO 2012 Yeosu Korea because the project plan has been changed after the reserve funds for participation was included in the deductible expenses, such amount may be included in the gross income before the business year in which December 31, 2012 falls arrives.

(4) Upon the occurrence of any of the following events, a domestic corporation that has included reserve funds for participation in the deductible expenses as prescribed in paragraph (1) shall include the total amount of the reserve funds for participation that have not been included in the gross income, in the gross income when calculating the amount of income for the business year in which the date of occurrence of such cause falls:

1. When a contract for participation in the EXPO 2012 Yeosu Korea or a subcontract is terminated;

2. When the domestic corporation closes the relevant business;
3. When the domestic corporation is dissolved: Provided, That the same shall not apply where such domestic corporation is dissolved due to a merger and transfers the amount in the account of reserve funds for participation to a corporation incorporated following the merger or a corporation surviving such merger.
- (5) Where reserve funds for participation is included in the gross income as prescribed in the main sentence of paragraph (3) 2 or paragraph (4), an additional amount equivalent to interest calculated, as prescribed by Presidential Decree, shall be collected in addition to the corporate tax; Provided, That the same shall not apply to the amount that has not been included in the gross income out of the amount computed under paragraph (3) 1 if a domestic corporation closes its business or is dissolved after the end of the EXPO 2012 Yeosu Korea.
- (6) A domestic corporation that intends to be eligible under paragraph (1) shall submit a statement of reserve funds to the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 104 - 10 (Special Cases concerning Calculating Corporate Tax Base for Shipping Enterprises)

(1) A shipping enterprise that operates the ocean - going shipping business prescribed by the Marine Transportation Act (hereafter in this Article, referred to as "shipping enterprise") and meets the requirements prescribed by Presidential Decree, among domestic corporations, may calculate its corporate tax base by aggregating the following amounts by not later than December 31, 2019:

<Amended by Act No. 12853, Dec. 23, 2014>

1. The income prescribed by Presidential Decree in relation to ocean - going shipping activities (hereafter in this Article, referred to as "shipping income"): The aggregate of individual ship standard profits (hereafter in this Article, referred to as "standard ship profit") calculated by the following formula, notwithstanding Articles 13 through 54 of the Corporate Tax Act: Standard individual ship profit = individual ship tonnage × one - navigation day shipping profit per ton × the number of navigation days × the use rate;
2. The income, other than the shipping income (hereafter in this Article, referred to as "non - shipping income"): An amount calculated under Articles 13 through 54 of

the Corporate Tax Act.

(2) A corporation that intends to be accorded special treatment in calculating the tax base for shipping enterprises under paragraph (1) (hereafter in this Article, referred to as "special treatment in calculating the tax base"), shall file an application for special treatment in calculating the tax base, as prescribed by Presidential Decree, and is eligible for being accorded special treatment in calculating the tax base for five consecutive business years from the business year in which the special treatment in calculating the tax base is accorded (hereinafter referred to as "period for the application of special treatment in calculating the tax base"): Provided, That any shipping enterprises being accorded special treatment in calculating the tax base, may renounce such special treatment in calculating the tax base, as prescribed by Presidential Decree, by not later than the business year in which December 31, 2017 falls. <Amended by Act No. 14390, Dec. 20, 2016>

(3) For the purposes of paragraph (1), no loss incurred by non - shipping income shall be aggregated to the standard ship profit; and no special taxation, such as non - taxation, tax exemptions, tax reductions, tax credits, or income deductions, under this Act, the Framework Act on National Taxes, by treaties, or by statutes prescribed under Article 3 (1), shall apply to shipping income.

(4) Where any income withheld at source pursuant to Article 73 of the Corporate Tax Act, is included in the shipping income, the amount of the withholding tax on such income shall not be deducted from the amount of corporate tax calculated as the amount of tax already paid.

(5) No deficit carried - forward prior to the application of special treatment in calculating the tax base, shall be deducted from the amount referred to in paragraph (1).

(6) Where a corporation being accorded special treatment in calculating the tax base, fails to meet the requirements prescribed under paragraph (1) for at least two business years during the period for application of such special treatment, the corporation is ineligible for being accorded special treatment in calculating the tax base, starting from the business year during which the second failure occurs, for the remaining period during which the special treatment in calculating the tax base is applied and for the subsequent five business years.

(7) Where a domestic corporation being accorded special treatment in calculating the tax base, makes an interim tax prepayment pursuant to Article 63 (5) of the Corporate Tax Act, the tax base of such interim tax prepayment shall be an amount calculated pursuant to paragraphs (1) through (5); and Article 63 (5) 1 and 2 of the same Act shall apply only to the part related to non - shipping income. <Amended by Act No. 11614, Jan. 1, 2013>

(8) For the purposes of paragraph (1), one navigation - day profit per ton shall be prescribed by Presidential Decree within 30 won per ton of ship, taking account of the tonnage of ship, the shipping income of shipping enterprises, the payment records of the corporate tax, and the operational practices of foreign countries, etc.

(9) Methods for calculating the standard individual ship profit, including the number of navigation days and the usage rate; methods for calculating the income of each business year in which the special treatment in calculating the tax base ceases but the Corporate Tax Act starts to apply; methods for keeping separate accounting; and other necessary matters concerning the application of special treatment in calculating the tax base, etc., shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 11 (Special Cases of Inclusion in Deductible Expenses concerning Investment in, and Contribution to, Credit Rehabilitation Services Companies by Financial Institutions)

(1) Where a financial institution receives its residual property refunded from a Non - Performing Loan Resolution Fund by no later than December 31, 2009 pursuant to the proviso to Article 2 (5) of the Addenda to the Act on the Efficient Disposal of Non - Performing Assets, etc. of Financial Institutions and the Establishment of Korea Asset Management Corporation (Act No. 5371), and intends to acquire stocks by investing it in a corporation prescribed by the Minister of Strategy and Finance as having purposes of supporting credit rehabilitation of the financially marginalized (hereafter in this Article, referred to as "credit rehabilitation services company") by the end of the business year following the business year in which the date of refund falls, the financial institution may include the amount to be invested out of the amount of refund in deductible expenses when calculating the income amount of the business year in which the date of such refund falls. In such cases, the amount shall be recognized as the advanced depreciation provision of the

relevant stocks. <Amended by Act No. 11614, Jan. 1, 2013>

(2) The advanced depreciation provision recognized pursuant to paragraph (1), shall be fully included in the gross income in the business year in which the relevant stocks are disposed of (where any stock is acquired by any means other than using the refund under paragraph (1), the stocks acquired using the refund under paragraph (1) shall be deemed first disposed of) or the relevant corporation is dissolved. However, if stocks are partially disposed of, an amount calculated by the following formula shall be included in the gross income:

Advanced depreciation provision × (Number of stocks disposed of among the stocks acquired using the refund under paragraph (1) ÷ Number of stocks acquired using the refund under paragraph (1))

(3) Where a financial institution which has included the amount to be invested pursuant to paragraph (1) in deductible expenses, fails to make an investment, closes its business, or is dissolved before making an investment, the financial institution shall include, in the gross income, the amount not invested, when calculating the amount of income of the business year in which the relevant ground arises; and Article 9 (4) shall apply mutatis mutandis to the amount payable as corporate tax, in such cases: Provided, That, if such financial institution merges with another financial institution or is divided, the aforesaid provisions shall not apply where a merging corporation, newly incorporated corporation following such division, or a counterpart corporation of the merger through division (hereafter in this paragraph, referred to as "merging corporation, etc."), succeeds to such amount; and such amount shall be deemed included in deductible expenses by the merging corporation, etc. pursuant to paragraph (1), in such cases.

(4) A financial institution which intends to be eligible under paragraph (1), shall submit a tax return on corporate tax for the relevant taxable year and its plan to invest the refund amount from the Non - Performing Loan Resolution Fund, to the head of the tax office having jurisdiction over the place of tax payment.

(5) Where a financial institution contributes to a credit rehabilitation services company by not later than December 31, 2018, to assist in credit guarantee for the financially marginalized, the financial institution may include the amount contributed, in deductible expenses, when calculating the amount of income for the relevant business year. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(6) A financial institution which intends to be eligible under paragraph (5), shall submit a statement of contributions to credit rehabilitation services companies in the form prescribed by Ordinance of the Ministry of Strategy and Finance and its tax return for the relevant business year, to the head of the tax office having jurisdiction over the place of tax payment. <Newly Inserted by Act No. 11614, Jan. 1, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 12 (Special Taxation for Credit Rehabilitation Services Companies)

(1) When a corporation designated by the Minister of Strategy and Finance (hereafter referred to as "credit rehabilitation services company" in this Article) which engages in the business of purchasing non - performing loans, readjusting the interest rates, maturities, etc. thereof, and providing payment guarantees to reduce financial expenses from high interest, etc. for persons subject to restriction on loan transactions with financial companies, etc. because of their low credit rating, weak economic power, etc., has appropriated loss compensation reserves as deductible expenses in each business year ending on or before December 31, 2018, the corporation may include such amount in the deductible expenses, when calculating the amount of income for the relevant business year. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) When any loss has incurred, a corporation that has included loss compensation reserves in the deductible expenses as prescribed in paragraph (1) shall first offset such loss by the loss compensation reserves already included in the deductible expenses.

(3) Any balance of loss compensation reserves remaining after being offset under paragraph (2) until the end of the business year in which the tenth anniversary of the end of the business year in which such reserves were included in deductible expenses under paragraph (1) falls, shall be included in gross income when calculating the amount of income for the business year in which the tenth anniversary falls. <Amended by Act No. 12853, Dec. 23, 2014>

(4) Upon the occurrence of any of the following events, a credit rehabilitation services company shall include, in the gross income, the total amount of loss compensation reserves that have not been included in the gross income when calculating the amount of income for the taxable year in which the date of occurrence

of the relevant event falls:

1. Where the credit rehabilitation services company closes the relevant business;
2. Where the credit rehabilitation services company is dissolved.

(5) A person who intends to be accorded special tax treatment under paragraph (1) shall submit a statement on loss compensation reserves to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 104 - 13 (Special Taxation of Gross Real Estate Tax for Confucian Schools and Religious Organizations)

(1) Where there is a house or a parcel of land (hereafter referred to as "subject house or land" in this Article) owned by an individual Confucian school or an individual religious organization prescribed by Presidential Decree (hereafter referred to as "individual organization" in this Article) and registered in the name of a Confucian school foundation under the Properties of Confucian Schools Act or a religious organization prescribed by Presidential Decree (hereafter referred to as the "Confucian school foundation, etc." in this Article), to which the individual organization belongs, without an intention to evade a tax among the houses or parcels of land owned by such individual organization, the individual organization that actually owns the subject house or land may be regarded as the person who owes the duty to pay the property tax for the portions of both house and land as of the tax base date and thus may file a return on the gross real estate tax for such property, notwithstanding Articles 7 (1) and 12 (1) of the Comprehensive Real Estate Holding Tax Act. In such cases, the subject house or land shall be deemed as owned by the individual organization only for the purposes of taxation of the gross real estate tax. <Amended by Act No. 11614, Jan. 1, 2013>

(2) Where an individual organization files a return on the gross real estate tax under paragraph (1), the Confucian school foundation, etc. shall have the duty to pay the gross real estate tax jointly with the individual organization within the limit of the officially announced value of the subject house or land.

(3) Where an individual organization files a return on the gross real estate tax under paragraph (1), it shall be deemed that the Confucian school foundation, etc. does not own the subject house or land in filing a return on the gross real estate tax.

(4) The methods of calculation, filing a return, and payment of the gross real estate tax under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 14 (Tax Credits for Third Party Logistics Expenses)(1) Where the third party logistics expense, out of the logistics expense disbursed by a national who engages in manufacturing business for each taxable year until the taxable year that ends on or before December 31, 2018, exceeds the third party logistics expense disbursed for the immediately preceding taxable year, the national is entitled to deduction of an amount equivalent to 3/100 of the excess amount (5/100, in cases of small and medium enterprises) from income tax (limited to the income tax levied on business income) or corporate tax, if both of the following conditions are satisfied: Provided, That the tax credit shall not exceed 10/100, if the deducted amount exceeds 10/100 of the income tax or the corporate tax for the relevant taxable year: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. The third party logistics expense disbursed for each taxable year shall be at least 30/100 of the logistics expense disbursed for each taxable year;
2. The ratio of the third party logistics expense to the logistics expense disbursed for the relevant taxable year shall not be lower than the ratio for the immediately preceding taxable year.

(2) Where the third party logistics expense disbursed during the immediately preceding taxable year is less than 30/100 of the logistics expenses disbursed during the immediately preceding taxable year or none, and the third party logistics expense disbursed during the relevant taxable year exceeds 30/100 of the logistics expenses disbursed during the relevant taxable year, an amount equivalent to 3/100 (5/100, in cases of small and medium enterprises) of the excess amount shall be deducted from income tax (limited to the income tax levied on business income) or corporate tax, notwithstanding paragraph (1): Provided, That the tax credit shall not exceed 10/100, if the deducted amount exceeds 10/100 of income tax or corporate tax for the relevant taxable year. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

(3) A national who intends to obtain a tax credit under paragraphs (1) and (2) shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 15 (Special Taxation for Investment in Development of Overseas

Resources)(1) Where a business operator specializing in the development of overseas resources under subparagraph 5 of Article 2 of the Overseas Resources Development Business Act (hereafter in this Article, referred to as "overseas resources development business operator"), makes any of the following investments or contributions as at December 31, 2013, to develop mineral resources, the income tax (limited to income tax levied on business income) or corporate tax shall be reduced by the equivalent to 3/100 of the amount invested or contributed: Provided, That the same shall not apply where such investment or contribution is made through acquiring invested assets or equity shares of a national or a foreign affiliated company of a national (referring to a foreign corporation of which a national directly invests in 100/100 of total outstanding stocks or contributes to 100/100 of total equity capital; hereafter in this Article, the same shall apply): <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011 >

1. Investment for acquiring a mining concession and a mining right by lease;
2. Investment for acquiring a mining concession or a mining right, which involves contributions prescribed by Presidential Decree to a foreign corporation;
3. Direct overseas investment in a foreign affiliated company of a national, which is prescribed by Presidential Decree pursuant to Article 3 (1) 18 (a) of the Foreign Exchange Transactions Act: Provided, That the same shall apply only where the foreign affiliated company of the national acquires a mining concession or a mining right by lease in the manner set forth in subparagraphs 1 and 2.

(2) Where a person granted a tax deduction pursuant to the main sentence of paragraph (1), falls under any of the following cases, he/she shall pay the income tax or the corporate tax with the equivalent to the amount of tax reduced and an additional amount equivalent to the interest for the tax credit given for the relevant investment or contributions, calculated as prescribed by Presidential Decree, at the time of filing a tax return for the taxable year in which the relevant ground arises. In

such cases, the amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act:

1. Where he/she transfers or withdraws assets invested or equity shares invested under paragraph (1) before five years have passed from the date of investment or date of contribution;
2. Where he/she fails to acquire a mining right or a mining right by lease until the third anniversary from the date of investment or the date of contribution.

(3) A person who desires to become eligible for special taxation under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) Where an overseas resources development business operator acquires stocks or equity shares as a direct overseas investment under Article 3 (1) 18 of the Foreign Exchange Transactions Act with a subsidy granted pursuant to the Act on the Special Accounts for Energy and Resources - Related Projects, such stocks or equity shares shall be deemed business assets under Article 36 (1) of the Corporate Tax Act, and may be included in deductible expenses, applying the same Article mutatis mutandis.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 16 (Special Taxation for Financial Soundness of Universities and Colleges)

(1) Where an educational foundation established under the Higher Education Act transfers any of its primary assets for profit - making prescribed by Presidential Decree (hereinafter referred to as "primary assets for profit - making") to any third person and acquires another primary asset for profit - making within one year from the date of transfer, it may choose not to include an amount calculated by the formula prescribed by Presidential Decree, out of the gains from transfer of the previously - owned primary assets for profit - making in the gross income in calculating its income for the pertinent business year. In such cases, the amount shall be included in the gross income in an at least equally divided amount over a period of three business years from the business year in which the third anniversary of the last day of the business year in which the date of such transfer falls. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014>

(2) Where an educational foundation benefited from the special taxation under paragraph (1) but has not acquired another primary asset for profit - making, an amount calculated by Presidential Decree shall be included in the gross income in

calculating its income for the business year in which such cause occurred. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income.

(3) In the application of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

(4) An amount contributed by a corporation established through contribution of at least 50/100 of the total number of issued stocks by an educational foundation under the Higher Education Act, to the educational foundation (hereafter referred to as "contribution to the educational foundation" in this paragraph), shall be included in the deductible expenses up to an amount calculated by subtracting the amount referred to in subparagraph 2 from the amount referred to in subparagraph 1: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

1. The amount of income for the pertinent business year (referring to the amount of income before the donation under Article 24 of the Corporate Tax Act is included in the deductible expenses);
2. The aggregate of deficits referred to in subparagraph 1 of Article 13 of the Corporate Tax Act and the aggregate of the donations (excluding contribution to the educational foundation) under Article 24 of the same Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 17 (Special Cases for Inclusion in Deductible Expenses at Time of Contribution of Dormant Deposits of Financial Institutions)

(1) Where a financial institution contributes dormant deposits to the Microfinance Foundation pursuant to Article 40 of the Microfinance Support Act by December 31, 2008, the financial institution shall include the amount contributed, in deductible expenses, when calculating the amount of income of the relevant taxable year. <Amended by Act No. 14095, Mar. 22, 2016>

(2) A financial institution who intends to be accorded special tax treatment under paragraph (1), shall submit a statement of contributions of dormant deposits in the form prescribed by Ordinance of the Ministry of Strategy and Finance, along with its tax base of corporate tax in the relevant taxable year.

[This Article Newly Inserted by Act No. 9131, Sep. 26, 2008]

Article 104 - 18 (Tax Credits for Specific Educational Expenses, etc. of University or College)(1) Article 10 shall apply mutatis mutandis where a school defined in Article 2 of the Higher Education Act (hereafter in this Article, referred to as "university or college"), a school prescribed by Presidential Decree that provides industrial education, or a high school, etc. aligned to industry demand, establishes and operates vocational education and training courses or departments under a contract with a national pursuant to Article 8 of the Industrial Education Enhancement and Industry - Academia - Research Cooperation Promotion Act, and the national pays expenses (hereafter in this Article, referred to as "specific educational expenses") for the operation of such courses or departments by not later than December 31, 2019. In such cases, "general research and human resources development expenses" shall be construed as "specific educational expenses." <Amended by Act No. 10907, Jul. 25, 2011; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Article 11 shall apply mutatis mutandis where a national donates facilities for research and human resources development prescribed by Presidential Decree to a university, college, or high school, etc. aligned to industry demand, by not later than December 31, 2019.<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

(3) For the purposes of paragraphs (1) and (2), where a national makes a payment or donation to a university or college located in Seoul Metropolitan area, the national shall be deemed to have made a payment or donation of an amount multiplied by 50/100 of the relevant amount.<Amended by Act No. 11133, Dec. 31, 2011 >

(4) Article 10 shall apply mutatis mutandis where a national who has entered into a prior employment contract, etc. prescribed by Presidential Decree with a high school, etc. aligned to industry demand, provides vocational education and training for enrolled students in the high school, etc. aligned to industry demand, and pays them an allowance prescribed by Presidential Decree, such as a field training allowance (hereafter in this Article, referred to as "field training allowance, etc."), by not later than December 31, 2019. In such cases, "general research and human development expenses" shall be construed as "field training allowance, etc."<Newly Inserted by Act

No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 19 (Special Taxation for Land Acquired by Housing Construction Project Operators)(1) Where any of the following project operators (hereafter in this Article, referred to as "housing construction project operator"), acquires a parcel of land to construct housing (including a parcel of land acquired by a person registered as a housing construction project operator before the tax base date of the gross real estate tax after acquisition of the land) and is to obtain approval of the project plan for that parcel of land pursuant to the Housing Act within five years from the date of its acquisition, such parcel of land shall be deemed excluded from the scope of land subject to adding to tax base under Article 13 (1) of the Comprehensive Real Estate Holding Tax Act: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13805, Jan. 19, 2016 >

1. A housing construction project operator registered under the Housing Act;
2. A housing association established under Article 11 of the Housing Act and a project entity who is the employer;
3. A project implementer provided for in Articles 7 through 9 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents;
4. A corporation referred to in Article 51 - 2 (1) 9 of the Corporate Tax Act.

(2) Any person who intends to be eligible for paragraph (1), shall report on his/her land - holding status to the head of a tax office having jurisdiction over the place of tax payment from September 16 to 30 of the relevant year, as prescribed by Presidential Decree.

(3) Where a housing construction project operator fails to obtain approval of the project plan to construct housing pursuant to the Housing Act within five years from the date of acquisition of land pursuant to paragraph (1), comprehensive real estate holding tax and an additional amount equivalent to interest shall be additionally collected from the housing construction project operator, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9272, Dec. 26, 2008]

Article 104 - 20 (Special Taxation for Capital Gains Tax following Implementation of Industrial Complex Development Projects)(1) With regard to implementing an industrial complex development project pursuant to the Industrial Sites and Development Act, where a resettled resident under Article 36 of the same Act (limited to persons who have resided in a residential building provided for the relevant project for at least 2 years retrospectively from the approval date of the detail design for the relevant project), transfers a housing site for resettlement parceled out as resettlement measures (limited to a housing site with the parceling - out price not exceeding 100 million won), by no later than December 31, 2012, the tax rate prescribed in Article 104 (1) 1 of the Income Tax Act shall apply to income accruing from such transfer, notwithstanding Article 104 (1) 2 and 3 of the same Act. <Amended by Act No. 11133, Dec. 31, 2011 >

(2) Any person who intends to be granted special taxation under paragraph (1), shall submit, to the head of the tax office having jurisdiction over the place of tax payment, the following documents along with a tax return (including preliminary return) of the taxable year in which the relevant housing site for resettlement is transferred:

1. Any documents verifying that a resettled resident has been resided in a residential building provided for the relevant project for at least two years;
2. A copy of parceling - out contract of the housing site for resettlement concluded with a project implementer.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 104 - 21 (Special Taxation for Corporate Tax on Consolidation of Korea National Housing Corporation and Korea Land Corporation)(1) Where the Korea Land and Housing Corporation is established following consolidation under Article 7 of Addenda of the Korea Land and Housing Corporation Act, an amount equivalent to the deemed dividend or distributed amount under Article 16 (1) 5 of the Corporate Tax Act of the stockholders, etc. of the Korea National Housing Corporation and the Korea Land Corporation may be included in the deductible expenses when the amount of income for the business year to which the date of consolidation registration belongs, as prescribed by Presidential Decree. In such cases, matters necessary for the calculation of the amount to be included in the deductible expenses

and gross income, and method of inclusion thereof, detailed statement of deemed amount of dividend or distributed amount, etc. shall be prescribed by Presidential Decree.

(2) Where the Korea Land and Housing Corporation is established following consolidation under Article 7 of Addenda of the Korea Land and Housing Corporation Act, and even where it falls under the cases that the stockholders, etc. of the Korea National Housing Corporation and the Korea Land Corporation have shared profit with other stockholders, etc. who are related parties in the process of consolidation by evaluating the stocks, etc. at a price lower than the market value, Article 52 of the same Act shall not apply to the stockholders, etc. who have shared profit, and such profit received by the other stockholders, etc. shall not be deemed gross income under Article 15 of the Corporate Tax Act. <Amended by Act No. 11133, Dec. 31, 2011 >

(3) Notwithstanding Article 49 of the Corporate Tax Act, the Korea Land and Housing Corporation established following consolidation under Article 7 of Addenda of Act No. 9706, the Korea Land and Housing Corporation Act shall succeed to the amount that has not been included in the gross income or deductible expenses when the amount of income and tax base for each business year of the Korea National Housing Corporation and the Korea Land Corporation dissolved as prescribed in the same Article is calculated. <Newly Inserted by Act No. 10285, May 14, 2010 >

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 104 - 22 (Special Taxation for Establishment and Operation of Corporate Sport Teams)

(1) Where a domestic corporation establishes a sport team for any event prescribed by Presidential Decree (hereafter in this Article, referred to as "sport team"), the equivalent to 10/100 of the expenses prescribed by Presidential Decree out of the expenses incurred in operating the relevant sport team, shall be deducted from corporate tax for the business year in which the date of establishment falls and until the two subsequent business years from the date the immediately following business year commences. <Amended by Act No. 12173, Jan. 1, 2014 >

(2) Where a domestic corporation establishes a sport team for persons with disabilities prescribed by Presidential Decree (hereafter in this Article, referred to as "sport team for persons with disabilities"), the equivalent to 20/100 of the

expenses prescribed by Presidential Decree out of the expenses incurred in operating the relevant sport team for persons with disabilities, shall be deducted from corporate tax for the business year in which the date of its establishment falls and until the four subsequent business years from the date the immediately following business year commences. <Newly Inserted by Act No. 12173, Jan. 1, 2014 >

(3) A domestic corporation that intends to be granted a tax deduction under paragraph (1) or (2), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 12173, Jan. 1, 2014 >

(4) Where a domestic corporation granted a tax deduction under paragraph (1) or (2), disbands a sport team or a sport team for persons with disabilities within three years (or within five years in cases of a sport team for persons with disabilities) from the date of establishment, or fails to satisfy the requirements prescribed by Presidential Decree concerning the composition, etc. of sport teams, it shall pay an amount calculated by adding the amount of tax deducted under paragraph (1) to the equivalent to the interest calculated as prescribed by Presidential Decree, as corporate tax, when filing a tax return of the relevant business year. <Amended by Act No. 12173, Jan. 1, 2014 >

[This Article Newly Inserted by Act No. 10406, Dec. 27, 2010]

Article 104 - 23 (Exclusion of Amount Transferred to Bad Debt Allowances from Gross Incomes in Cases of Domestic Corporations, etc. Subject to Application of

International Accounting Standards)(1) Where a domestic corporation or a foreign corporation having a domestic place of business under Article 94 of the Corporate Tax Act (hereafter in this Article, referred to as "domestic corporation, etc."), first applies the accounting standards referred to in Article 13 (1) 1 of the Act on External Audit of Stock Companies (hereafter in this Article, referred to as "International Accounting Standards") prior to the business year in which December 31, 2014 falls, it may choose not to include an amount less an amount under subparagraph 2 from an amount under subparagraph 1 when calculating the amount of income accruing in the relevant business year: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014 >

1. The balance of bad debt allowances in the immediately preceding business year that need to be included in the gross income pursuant to Article 34 (4) of the

Corporate Tax Act;

2. An amount of bad debt allowances included in deductible expenses of the relevant business year pursuant to Article 34 (1) of the Corporate Tax Act.

(2) An amount not included in the gross income under paragraph (1), shall offset a difference if an amount to be included in deductible expenses under Article 34 (1) of the Corporate Tax Act in the immediately following business year, exceeds an amount to be included in the gross income under paragraph (4) of the same Article; and the balance after such offset shall be included in the gross income, when calculating the amount of income to accrue in the first - commencing business year since January 1, 2015. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014 >

(3) A domestic corporation, etc. that seeks the benefit of paragraph (1), shall submit an application for non - inclusion of bad debt allowances in the gross income determined by the 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 a tax return of the business year in which it first applies the International Accounting Standards. <Amended by Act No. 11133, Dec. 31, 2011 >

[This Article Newly Inserted by Act No. 10406, Dec. 27, 2010]

Article 104 - 24 (Tax Reduction or Exemption for Overseas Korean Enterprises on their

Return to Korea)(1) Where a person prescribed by Presidential Decree, including a Korean national, falls under any of the following cases, and commences a business or establishes a new place of business in the Republic of Korea (excluding the over - concentration control region of the Seoul Metropolitan area; hereafter in this Article and Article 118 - 2, the same shall apply) by not later than December 31, 2018, the person is entitled to a reduction or exemption of income tax or corporate tax pursuant to paragraph (2) or (3): <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. Where he/she relocates his/her overseas place of business operated for at least two consecutive years, to the Republic of Korea, as prescribed by Presidential Decree;

2. Where a small or medium enterprise or a middle - standing enterprise prescribed by Presidential Decree, having no place of business in the Republic of Korea,

returns to the Republic of Korea, partially downsizing or maintaining its overseas place of business operated for at least two consecutive years: Provided, That included herein shall be where it has a place of business in the Republic of Korea in cases of partial downsizing prescribed by Presidential Decree, including reduction of manufacturing output.

(2) In cases falling under paragraph (1) 1, income accruing from the place of business after so relocating, shall be fully exempted from income tax or corporate tax, for the taxable year in which the first income accrues from the place of business after the date of relocation (or the taxable year falling on the fifth anniversary from the date of relocation, if no income accrues until the taxable year falling on the fifth anniversary from the date of relocation), and the four subsequent taxable years from the date the following taxable year commences; and income tax or corporate tax on such income shall be reduced by 50/100 for the two subsequent taxable years thereafter. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

(3) In cases falling under paragraph (1) 2, income accruing from the place of business after so returning, shall be fully exempted from income tax or corporate tax, for the taxable year in which the first income accrues from the place of business after the date of return (or the taxable year falling on the fifth anniversary from the date of return, if no income accrues until the taxable year falling on the fifth anniversary from the date of relocation), and the two subsequent taxable years from the date the following taxable year commences; and income tax or corporate tax on such income shall be reduced by 50/100 for the two subsequent taxable years thereafter. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

(4) Where a national granted a reduction or exemption of income tax or corporate tax under paragraph (1), falls under any of the following cases, he/she shall pay the amount of tax calculated as prescribed by Presidential Decree, as income tax or corporate tax, when filing his/her tax return of the taxable year in which such ground arises: <Amended by Act No. 11614, Jan. 1, 2013>

1. Where the national closes his/her business or his/her corporation is dissolved within three years from the date the business commences by relocating or returning the overseas place of business to the Republic of Korea: Provided, That this shall not apply to a merger, division, or merger through division;

2. 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.

(5) Article 33 - 2 (4) shall apply mutatis mutandis to an additional amount equivalent to interest when paying the amount of income tax or corporate tax reduced or exempted under paragraph (1) as prescribed in paragraph (4). <Newly Inserted by Act No. 11614, Jan. 1, 2013>

(6) For the purposes of paragraphs (1) through (5), filing applications for tax reductions or exemptions, and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 11614, Jan. 1, 2013>

[This Article Newly Inserted by Act No. 10406, Dec. 27, 2010]

Article 104 - 25 (Tax Credits for Electronic Commerce of Petroleum Products)(1) Where a petroleum refiner defined in subparagraph 7 of Article 2 of the Petroleum and Alternative Fuel Business Act, or any other person prescribed by Presidential Decree, supplies, or is supplied with, petroleum products defined in subparagraph 2 of Article 2 of the same Act, through an electronic payment network prescribed by Presidential Decree, by not later than December 31, 2019, the person is entitled to deduct the following relevant amount from income tax (limited to income tax on business income) or corporate tax in the taxable year in which he/she supplies, or is supplied with, such petroleum products (referring to the date goods are supplied under Article 15 of the Value - Added Tax Act): Provided, That, if the amount of deduction exceeds 10/100 of income tax or corporate tax in the relevant taxable year, such excess shall be deemed nil: <Amended by Act No. 14390, Dec. 20, 2016>

1. Where the person supplies petroleum products: The equivalent to 1/1,000 of the supply price (referring to the supply price defined in Article 29 of the Value - Added Tax Act; hereafter in this paragraph, the same shall apply);

2. Where the person is supplied with petroleum products: The equivalent to 2/1,000 of the supply price.

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

[This Article Newly Inserted by Act No. 11133, Dec. 31, 2011]

Article 104 - 26 (Inclusion of Claims in Deductible Expenses Following Revocation of Authorization for Establishment, etc. of Rearrangement Project Associations)(1)

Where a designer, constructor or specialized manager of a rearrangement project (hereafter referred to as "constructor, etc." in this Article) renounces claims against a promotion committee or an association (including a joint and several surety; hereafter referred to as "association, etc." in this Article) as follows by not later than December 31, 2017, when approval for the promotion committee or authorization to establish the association has been revoked pursuant to Article 16 - 2 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, the constructor, etc. may include the value of such claims in deductible expenses when computing the amount of income for the relevant business year:

<Amended by Act No. 13560, Dec. 15, 2015 >

1. Where the constructor, etc. submits a certificate of claims under Article 16 - 2 (7) of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents to the head of the relevant Si/Gun, and renounces claims against the association, etc. prescribed in the certificate of claims;
2. Where the constructor, etc. renounces all claims against the association, etc., as prescribed by Presidential Decree.

(2) No profit that an association, etc. acquires by renouncing claims pursuant to paragraph (1) shall be deemed a donation under Inheritance Tax and Gift Tax Act or gross income under the Corporate Tax Act.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 104 - 27 (Special Taxation on Dividend Income from Stocks of High Dividend Companies)(1)

Where a resident holds stocks of any corporation prescribed by Presidential Decree (excluding an investment company defined in Article 9 (18) 2 of the Financial Investment Services and Capital Markets Act; a ship investment company incorporated under the Ship Investment Company Act; a corporate restructuring investment company incorporated under the Corporate Restructuring Investment Companies Act; and a real estate investment company incorporated under the Real Estate Investment Company Act, all of which are listed on the securities market; and other similar investment companies prescribed by Presidential Decree,

the objectives of which are to distribute profits to stockholders or investors; hereafter in this Article, referred to as "high dividend company"), 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, the rate of withholding tax on dividend income prescribed by Presidential Decree, out of the dividend income that the resident receives from the high dividend company according to its resolution to dispose of the surplus as at the closing of account by the business year in which December 31, 2017 falls, shall be 9/100, notwithstanding Article 129 of the Income Tax Act.

(2) Where dividend income referred to in paragraph (1) is included in a resident's interest income, etc. during a taxable period in which the resident's interest income, etc. provided for in Article 62 of the Income Tax Act (hereafter in this Article, referred to as "interest income, etc."), exceeds the global taxation threshold specified in the same Article (hereafter in the Article, referred to as "global taxation threshold"), the resident is entitled to deduct the equivalent to 5/100 of the dividend income exceeding the global taxation threshold, from the amount of global income tax calculated for the relevant taxable period: Provided, That, if the amount of deduction exceeds 20 million won, such excess shall be deemed nil. <Amended by Act No. 14390, Dec. 20, 2016 >

(3) A high dividend company shall submit a statement of dividends of the high dividend company 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 the day following the date it resolves to pay the dividends. <Amended by Act No. 14390, Dec. 20, 2016 >

(4) A withholding agent shall submit a statement of taxes withheld from dividends of the high dividend company in the form prescribed by Ordinance of the Ministry of Strategy, to the head of the tax office having jurisdiction over the place of tax payment, by the end of the month following the end of the quarter in which such dividend income is paid. <Amended by Act No. 14390, Dec. 20, 2016 >

(5) Methods and procedures for calculating the dividend payout ratio, the dividend yield ratio, the growth rate of total dividends, etc., submission of data under paragraphs (1) through (4), and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12853, Dec. 23, 2014]

Article 104 - 28 (Special Taxation for 2018 PyeongChang Olympic and Paralympic Winter Games)

(1) No corporate tax shall be levied on any income accruing to any of the following foreign organizations directly involved in operating the 2018 PyeongChang Olympic and Paralympic Winter Games (hereafter in this Article, referred to as the "Games"), by not later than December 31, 2018, in connection with the operation of the Games: <Amended by Act No. 14198, May 29, 2016 >

1. The International Olympic Committee or the International Paralympic Committee;
2. The Olympic Committee or Paralympic Committee of each participating country;
3. The Olympic Broadcasting Services established by the International Olympic Committee to provide facilities and services necessary for broadcasting the Games;
4. Foreign corporations prescribed by Presidential Decree, such as foreign corporations (limited to foreign corporations having no business establishment in the Republic of Korea) that provide money, goods, and services to the International Olympic Committee or the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games, in consideration for the license for using the emblem of the International Olympic Committee under an agreement with the International Olympic Committee.

(2) No income tax shall be levied on any income accruing to any of the following non - residents recognized by the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games as participating in the Games or engaging in activities related to the operation of the Games, by not later than December 31, 2018, in connection with the participation in, or the operation of, the Games: <Amended by Act No. 14198, May 29, 2016 >

1. Members or executives and employees of the foreign organizations referred to in paragraph (1);
2. Athletes, managers, coaches, referees, or operating staff members for competitions;
3. Persons who participate in the Games for events, performances, etc. and persons who engage in activities related to the operation of the Games.

(3) If a foreign corporation prescribed by Ordinance of the Ministry of Strategy and Finance, that provides services, such as measuring the time of competitions in the

Games and recording the results of competitions, has a temporary business establishment in the Republic of Korea to provide such services, the foreign corporation shall not be deemed to have a business establishment in the Republic of Korea until December 31, 2018, notwithstanding Article 94 of the Corporate Tax Act.

(4) If a person prescribed by Ordinance of the Ministry of Strategy and Finance, among those referred to in paragraph (2), has a domicile or abode temporarily in the Republic of Korea, the person shall not be deemed a resident until December 31, 2018, notwithstanding Article 1 - 2 (1) 1 of the Income Tax Act.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

CHAPTER III INDIRECT NATIONAL TAXES

Article 105 (Application of Zero Rate of Value - Added Tax)(1) A zero tax rate shall apply to the value - added tax on the supply of any of the following goods or services, as prescribed by Presidential Decree. In this regard, for the services specified in subparagraphs 3 and 3 - 2, the foregoing provision shall apply only to those supplied by not later than December 31, 2018; and for the goods specified in subparagraphs 5 and 6, the foregoing provision shall apply only to those supplied by not later than December 31, 2017: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11459, Jun. 1, 2012; Act No. 11614, Jan. 1, 2013; Act No. 11873, Jun. 7, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Defense materials (including those used for operational purposes by the police) supplied under the Defense Acquisition Program Act by defense contractors designated under the abovementioned Act, test products produced and supplied by enterprises requiring intensive management designated under the Emergency Resources Management Act, and services provided through the mobilization of resources;
2. Petroleum products supplied to the military units and institutions established under the Act on the Organization of National Armed Forces (excluding those supplied to golf courses and other similar sports facilities prescribed by Presidential Decree, among those supplied to the sports facilities defined under subparagraph 4 of Article 2 of the Framework Act on Military Welfare);

3. Urban railway construction services directly provided to any of the following entities:
- (a) The State or local governments;
 - (b) The Urban Railroad Corporation subject to the Urban Railroad Act (limited to where it can construct urban railroads under ordinances of local governments);
 - (c) The Korea Rail Network Authority established under the Korea Rail Network Authority Act;
 - (d) Any concessionaire defined under subparagraph 7 of Article 2 of the Act on Public - Private Partnerships in Infrastructure;
- 3 - 2. Infrastructure facilities and construction services of such infrastructure facilities, which are supplied by any concessionaire defined under subparagraph 7 of Article 2 of the Act on Public - Private Partnerships in Infrastructure to the State or local governments by any of the methods provided for in subparagraphs 1 through 3 of Article 4 of the same Act in order to run a business on which the value - added tax is levied;
4. Assisting devices for persons with disabilities, special information and communications devices for persons with disabilities, and special applications software prescribed by Presidential Decree which is necessary for persons with disabilities to use such information and communications devices;
5. Any of the following machinery or materials for agriculture, livestock industry, or forestry, which are supplied to farmers and persons engaging in forestry and prescribed by Presidential Decree (including those supplied by the State, local governments, cooperatives and their federations established under the Agricultural Cooperatives Act, the Tobacco Producers Cooperatives Act, or the Forestry Cooperatives Act and the NongHyup Agribusiness Group established under the Agricultural Cooperatives Act and its subsidiaries):
- (a) Fertilizers prescribed under the Fertilizer Control Act and prescribed by Presidential Decree;
 - (b) Pesticides prescribed under the Pesticide Control Act and prescribed by Presidential Decree;
 - (c) Farming machinery prescribed by Presidential Decree which can supplement insufficient workforce in agricultural villages and contribute to increasing agricultural productivity;

- (d) Machinery and materials for the livestock industry prescribed by Presidential Decree which can supplement insufficient workforce in the livestock industry and contribute to increasing the productivity of the livestock industry;
 - (e) Animal feed prescribed under the Control of Livestock and Fish Feed Act (excluding the animal feed exempt from the value - added tax under Article 26 of the Value - Added Tax Act);
 - (f) Machinery and materials for forestry prescribed by Presidential Decree which can contribute to protecting and promoting the development of forests;
 - (g) Materials for organic farming and fishery prescribed under the Act on the Promotion of Environment - Friendly Agriculture and Fisheries and the Management of and Support for Organic Foods, Etc., which are prescribed by Presidential Decree;
6. Any of the following fishing machinery and materials to be used in both coastal or inshore fishing and inland water fishing and supplied to fishermen prescribed by Presidential Decree (including those supplied by cooperatives and fishing village mutual savings clubs established under the Fisheries Cooperatives Act, and by cooperatives and their federation established under the Agricultural Cooperatives Act):
- (a) Animal feed prescribed under the Control of Livestock and Fish Feed Act (excluding the animal feed exempt from the value - added tax under Article 26 of the Value - Added Tax Act);
 - (b) Other items prescribed by Presidential Decree.
- (2) Where any person, other than the farmers referred to in paragraph (1) 5, has been provided with the machinery and materials for the livestock industry and animal feed referred to in items (d) and (e) of the same subparagraph (hereafter in this paragraph referred to as "machinery and materials for the livestock industry, etc.") under fraudulent application of the zero rate of value - added tax, the head of the competent tax office shall additionally collect from the person provided with such machinery and materials for the livestock industry, etc. the value - added tax equivalent to 10/100 of the supply price of such machinery and materials for the livestock industry, etc. and the additional tax equivalent to 10/100 of such tax.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 105 - 2 (Special Cases for Refund of Value - Added Tax on Machinery and

Materials for Agriculture, Forestry, and Fisheries)(1) The head of any of the following tax offices (hereafter referred to as "head of the competent tax office" in this Article) may refund the value - added tax paid at the time of purchasing or importing the machinery and materials prescribed by Presidential Decree to farmers or fishermen, among the machinery and materials purchased or directly imported by farmers, persons engaging in forestry and fishermen prescribed by Presidential Decree (hereafter referred to as "farmers or fishermen" in this Article) for using them in agriculture, forestry, or fisheries (limited to machinery and materials purchased from a general taxable person defined under subparagraph 5 of Article 2 of the Value - Added Tax Act): <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11873, Jun. 7, 2013; Act No. 12853, Dec. 23, 2014 >

1. Where an application for refund is filed by a tax refund agent referred to in paragraph (3), the head of the competent tax office having jurisdiction over the business place of the tax refund agent;
2. In any case other than those of subparagraph 1, the head of the competent tax office having jurisdiction over the place of business of the relevant farmer or fisherman.

(2) Upon receipt of a request from a farmer or fisherman who purchases machinery or materials, a general taxable person who supplies the machinery and materials under paragraph (1) shall issue a tax invoice to the farmer or fisherman, notwithstanding Article 36 of the Value - Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013; Act No. 12853, Dec. 23, 2014 >

(3) Any farmer or fisherman who intends to claim a refund under paragraph (1) shall file an application for refund through any of the following persons (hereafter referred to as "tax refund agent" in this Article): Provided, That the persons prescribed by Presidential Decree may file an application for refund directly with the head of the competent tax office having jurisdiction over the place of business: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

1. A cooperative established under the Agricultural Cooperatives Act;
2. A cooperative established under the Fisheries Cooperatives Act;
3. A tobacco producers cooperative established under the Tobacco Producers Cooperatives Act;

4. A cooperative established under the Forestry Cooperatives Act.

(4) The tax refund agent shall give notice to the head of the competent tax office if an applicant for refund falls under either of the following: <Amended by Act No. 12853, Dec. 23, 2014>

1. If he/she is deemed not to be a farmer or fisherman;
2. If he/she is deemed to have filed by fraudulent or other illegal means, considering the farming area of the relevant farmer or fisherman, the size of his/her facilities, etc.

(5) Where any of the following applies to a farmer or fisherman who has obtained a refund of value - added tax under paragraph (1), the head of the competent tax office shall collect, as value - added tax, an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree and the refunded value - added tax: <Amended by Act No. 12853, Dec. 23, 2014>

1. If the farmer or fisherman fails to use the machinery and materials on which the value - added tax has been refunded under paragraph (1) for the intended purpose or transfers them to any person other than farmers or fishermen;
2. If the farmer or fisherman has obtained a refund of value - added tax with any of the tax invoices:
 - (a) A tax invoice issued without any provision of goods;
 - (b) A tax invoice issued in the name of other business place than that of providing the goods;
 - (c) A tax invoice issued after the taxable period in which the time of provision of the goods falls;
 - (d) A tax invoice issued properly but altered by the relevant farmer or fisherman without authorization;
 - (e) Other tax invoices prescribed by Presidential Decree, containing a false statement;

3. Where a person who is not qualified as a farmer or fisherman has obtained a refund of value - added tax under paragraph (1).

(6) Where paragraph (5) 3 is applicable as a tax refund agent fails to give notice under paragraph (4), the head of the competent tax office shall collect, from the tax refund agent, an amount equivalent to 10/100 of the refunded tax as a penalty tax.

(7) Where a farmer or fisherman falls under either of the following, he/she shall not obtain a refund under paragraph (1) for two years from the date of notice of the additional amount of tax that satisfies relevant requirements: <Amended by Act No. 12853, Dec. 23, 2014>

1. If any value - added tax has been additionally collected on at least three occasions within the latest two years under paragraph (5);
2. If the aggregate of the amount of tax additionally collected under paragraph (5) is at least two million won, which exceeds the amount prescribed by Presidential Decree.

(8) A tax refund agent may, in relation to the agent service for refund of value - added tax, collect the amount prescribed by Presidential Decree as a fee from persons receiving the refund in order to use it for the preparation and submission of applications for refund, keeping the refund management ledger, distribution of refunded money, etc.

(9) For the purposes of paragraphs (1) through (8), refund procedures, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 (Exemption, etc. from Value - Added Tax)(1) No value - added tax shall be levied on the supply of any of the following goods or services. In such cases, for the goods or services specified in subparagraphs 1 through 3, 4 - 5, and 9, the foregoing shall apply only to those supplied by not later than December 31, 2018; for the goods or services specified in subparagraphs 4 - 2, 5, 9 - 2, 9 - 3, 11, and 12, the foregoing shall apply only to those supplied by not later than December 31, 2017; and for the goods or services specified in subparagraphs 8 and 8 - 2, the foregoing shall apply only to those with regard which an implementation agreement was concluded by December 31, 2014: <Amended by Act No. 5980, Apr. 30, 1999; Act No. 5996, Aug. 31, 1999; Act Nos. 6297 & 6305, Dec. 29, 2000; Act No. 6480, May 24, 2001; Act No. 6708, Aug. 26, 2002; Act No. 6916, May 29, 2003; Act No. 7003, Dec. 30, 2003; Act No. 7216, Jul. 26, 2004; Act No. 7322, Dec. 31, 2004; Act No. 7839, Dec. 31, 2005; Act No. 8146, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 8852, Feb. 29, 2008; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 10406,

Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 11690, Mar. 23, 2013; Act No. 11873, Jun. 7, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13474, Aug. 11, 2015; Act No. 13499, Aug. 28, 2015; Act No. 13560, Dec. 15, 2015; Act No. 13805, Jan. 19, 2016; Act No. 13983, Feb. 3, 2016; Act No. 14390, Dec. 20, 2016>

1. Petroleum products supplied directly to the National Federation of Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act to use them for independent power generation for remote island areas verified by the Minister of Trade, Industry and Energy (including an agency to which authority has been delegated under Article 98 of the Electric Utility Act) to which an electricity business operator defined in Article 2 of the same Act, is unable to supply electricity or finds it impracticable to supply electricity for a substantial period;
 2. Food services (limited to meals) provided by the operator of a place of business prescribed by Presidential Decree, such as factories, mines, construction sites, and similar places, or of a school defined in Article 2 of the Elementary and Secondary Education Act or Article 2 of the Higher Education Act (hereafter in this subparagraph, referred to as "place of business, etc.") through direct operation of a dining hall within the premises of the place of business, etc., for the purpose of the welfare of its employees or students; or food services (limited to meals) supplied by a school meal supplier entrusted by the head of a school referred to in any subparagraph of Article 4 of the School Meals Act directly to the relevant school in a manner of the entrusted meal service under Article 15 of the same Act. In such cases, matters necessary concerning exemption from value - added tax on entrusted meal service, such as the certification of the supply price of entrusted meal service, shall be prescribed by Presidential Decree;
 3. Services prescribed by Presidential Decree, such as managing agriculture or fisheries, and conducting farming or fishing operation, on behalf of any third person;
 4. National housing prescribed by Presidential Decree and services for the construction thereof (including remodeling services prescribed by Presidential Decree);
- 4 - 2. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to the following houses,

except national housing units among multi-family housing units defined in subparagraph 3 of Article 2 of the Housing Act, by a managing entity defined in Article 2 (1) 10 of the Multi-Family Housing Management Act (excluding item (a) of the same subparagraph; hereafter in this Article, referred to as "managing entity"); a corporation permitted to provide security services under Article 4 (1) of the Security Services Industry Act (hereafter in this Article, referred to as "security services business operator"); or a person who has filed a report to engage in the business of controlling building sanitation under Article 3 (1) of the Public Health Control Act (hereafter in this Article, referred to as "cleaning services provider"):

(a) A house in any Eup/Myeon, not in an urban area referred to in subparagraph 1 of Article 6 of the National Land Planning and Utilization Act, excluding the Seoul Metropolitan area;

(b) Any house other than item (a), where the exclusive residential floor area per unit or per household does not exceed 135 square meters;

4 - 3. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to national housing among multi-family housing units defined in subparagraph 3 of Article 2 of the Housing Act, by a managing entity, a security services provider, or a cleaning services provider;

4 - 4. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to a welfare house for elderly persons not exceeding the size of a national housing unit under the Housing Act, by the custodian, operator, security services provider, or cleaning services provider of a welfare house for elderly persons under Article 32 (1) 3 of the Welfare of Older Persons Act (hereafter in this subparagraph, referred to as "welfare house for elderly persons");

4 - 5. Heating services supplied to rental housing units built for permanent lease under Article 50 - 2 (1) of the Special Act on Public Housing;

5. Emission permits defined in subparagraph 3 of Article 2 of Act on the Allocation and Trading of Greenhouse - Gas Emission Permits, greenhouse gas reductions from external projects referred to in Article 29 (1) of the same Act, and offset emission permits referred to in Article 29 (3) of the same Act;

6. Goods and services prescribed by Presidential Decree, which are supplied by an organization performing governmental affairs prescribed by Presidential Decree on behalf of the Government;
7. Railroad facilities referred to in subparagraph 2 of Article 3 of the Framework Act on Railroad Industry Development (hereafter in this subparagraph, referred to as "railroad facilities") which the Korea Rail Network Authority incorporated under the Korea Rail Network Authority Act, reverts to the State and is granted the right to manage such railroad facilities pursuant to Article 26 of the same Act;
8. A right to manage and operate facilities provided by a school in relation to school facilities (limited to school facilities prescribed by Presidential Decree among those defined in Article 2 of the Higher Education Act) built by applying mutatis mutandis the method described in subparagraph 1 of Article 4 of the Act on Public - Private Partnerships in Infrastructure and held by a person recommended by either the Minister of Education or his/her designee, and services provided by the person so recommended, using such school facilities;
- 8 - 2. A license to manage and operate facilities provided by the State or a local government in relation to a dormitory built by a special purpose company incorporated by the Korea Foundation for the Promotion of Private School under the Korea Foundation for the Promotion of Private School Act by applying mutatis mutandis the method described in subparagraph 1 of Article 4 of the Act on Public - Private Partnerships in Infrastructure, and services provided by such company using the dormitory;
9. Buses fueled by natural gas, supplied for intra - city bus transportation and village shuttle service under the Passenger Transport Service Act and the Enforcement Decree of the same Act;
- 9 - 2. Electric buses meeting the following requirements:
 - (a) Electric motor vehicles defined in subparagraph 3 of Article 2 of the Act on Promotion of Development and Distribution of Environment - Friendly Motor Vehicles, which fully meet the requirements prescribed under subparagraph 2 of Article 2 of the same Act;
 - (b) Buses supplied for intra - city bus transportation and village shuttle service under the Passenger Transport Service Act and the Enforcement Decree of the same Act;

9 - 3. Motor vehicles supplied to simplified taxable persons under Article 61 (1) of the Value - Added Tax Act for use as owner - driver taxies for passenger transportation business under the Passenger Transport Service Act and the Enforcement Decree of the same Act;

10. Items prescribed by Presidential Decree, which are used for treating rare diseases among the items referred to in subparagraphs 4 and 5 of Article 91 of the Customs Act;

11. Diapers and powdered (or liquid) milk for infants (excluding powered ore liquid milk exempt from value - added tax under Article 26 of the Value - Added Tax Act);

12. Wooden pallets among forest products defined in subparagraph 7 of Article 2 of the Creation and Management of Forest Resources Act.

(2) No value - added tax shall be levied on any of the following imported goods. In such cases, for the goods specified in subparagraph 9, the forgoing shall apply only to those declared as imported, by not later than December 31, 2017; for the goods specified in subparagraph 16, the forgoing shall apply only to those declared as imported, by not later than December 31, 2016; and for the goods specified in subparagraph 19, the forgoing shall apply only to those declared as imported, by not later than December 31, 2018: <Amended by Act No. 6136, Jan. 12, 2000; Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 7003, Dec. 30, 2003; Act No. 7839, Dec. 31, 2005; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14198, May 29, 2016>

1. Anthracite coal;

2. Deleted; <by Act No. 6538, Dec. 29, 2001 >

3. Ships to be used for taxable businesses (excluding ships imported to be sold to a third party);

4. Construction articles for bonded area under the Customs Act to be used for taxable businesses;

5. and 6. Deleted; <by Act No. 7003, Dec. 30, 2003 >

7. and 8. Deleted; <by Act No. 6297, Dec. 29, 2000 >

9. Machinery and materials for agricultural or livestock farming directly imported by farmers provided for in Article 105 (1) 5, and machinery and materials for

fisheries directly imported by fishermen provided for in Article 105 (1) 6, which are prescribed by Presidential Decree;

10. Deleted; <by Act No. 11133, Dec. 31, 2011 >

11. Deleted; <by Act No. 11614, Jan. 1, 2013 >

12. Deleted; <by Act No. 12853, Dec. 23, 2014 >

13. Deleted; <by Act No. 13560, Dec. 15, 2015 >

14. Deleted; <by Act No. 11614, Jan. 1, 2013 >

15. Deleted; <by Act No. 12173, Jan. 1, 2014 >

16. Deleted; <by Act No. 14390, Dec. 20, 2016 >

17. and 18. Deleted; <by Act No. 12173, Jan. 1, 2014 >

19. Goods impracticable to produce in the Republic of Korea, among those to be used by the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games or local governments for manufacturing and constructing facilities for the 2018 PyeongChang Olympic and Paralympic Winter Games and managing games in the events;

20. and 21. Deleted. <by Act No. 13560, Dec. 15, 2015 >

(3) and (4) Deleted. <by Act No. 9272, Dec. 26, 2008 >

(5) The proviso to Article 61 (1) of the Value - Added Tax Act, shall not apply to owner - driver taxies for passenger transportation business; delivery and individual trucking transportation business; road trucking transportation business; barbering business; beauty services; and other similar businesses prescribed by Presidential Decree, subject to simplified taxation of value - added tax. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11873, Jun. 7, 2013; Act No. 14390, Dec. 20, 2016 >

Article 106 - 2 (Reduction, Exemption, etc. of Value - Added Tax, etc. on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships)

(1) No value - added tax shall be levied on the following petroleum products (referring to petroleum products provided for in the Petroleum and Alternative Fuel Business Act; hereafter in this Article, referred to as "tax - free petroleum"); and no individual consumption tax, the traffic, energy and environment tax, education tax, and motor vehicle tax (hereafter in this Article, referred to as "motor vehicle tax"), shall be levied on such tax - free petroleum, if supplied or released from a manufacturing place or a bonded area, by not later than December 31, 2018, as prescribed by

Presidential Decree: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 13560, Dec. 15, 2015>

1. Petroleum products prescribed by Presidential Decree and used by farmers, persons engaging in forestry, or fishermen specified by Presidential Decree (hereafter in this Article, referred to as "farmer or fisherman") for agriculture, forestry, or fisheries;
2. Petroleum products supplied directly to the Korea Shipping Association established under the Korea Shipping Association Act for the use in passenger ships (excluding passenger ships used for a tourism business defined in Article 2 of the Tourism Promotion Act) operating on coastal waters.

(2) Where a petroleum distributor prescribed by Presidential Decree (hereafter in this Article, referred to as "petroleum distributor"), including a gas station, has been supplied with petroleum products with value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax already levied thereon, and supplies such petroleum products to any farmer or fisherman referred to in any subparagraph of paragraph (1), the petroleum distributor may file an application, as prescribed by Presidential Decree, to obtain a refund of the amount of tax otherwise exempted or a deduction from the amount of tax payable or collectible.<Amended by Act No. 10631, May 19, 2011; Act No. 11133, Dec. 31, 2011>

(3) A farmer or fisherman who desires to be supplied with tax - free petroleum, shall file a report on the holding status of agricultural, forestry, or fishery machinery, ships, or facilities prescribed by Presidential Decree (hereafter in this Article, referred to as "agricultural machinery, etc.") and the fact that the person has engaged in agriculture, forestry, or fisheries, as prescribed by Presidential Decree, with a cooperative incorporated under the Agricultural Cooperatives Act, a cooperative incorporated under the Forestry Cooperatives Act, or a cooperative incorporated under the Fisheries Cooperatives Act (hereafter in this Article, referred to as "cooperative responsible for the control of tax - free petroleum"), and shall also file a report on a change within 30 days from the date any change occurs, if any change in the reported matters occurs, such as the acquisition or transfer of agricultural machinery, etc., death of the farmer or fisherman, and giving up the agricultural, forestry, or fishery business.<Amended by Act No. 11614, Jan. 1, 2013>

(4) A farmer or fisherman who desires to be supplied with tax - free petroleum, shall obtain a card for purchasing tax - free petroleum or a delivery order prescribed by Presidential Decree (hereafter in this Article, referred to as "tax - free petroleum purchase card, etc."), from a cooperative responsible for the control of tax - free petroleum.

(5) A farmer or fisherman who intends to use tax - free petroleum for agricultural machinery, etc., shall comply with the following provisions. If the farmer or fisherman fails to submit the documents specified in subparagraph 1 (b) or 2 by the end of the month immediately following the last month of each quarter (hereafter in this paragraph, referred to as "deadline for submission"), the cooperative responsible for the control of tax petroleum shall require the farmer or fisherman to submit the relevant documents by not later than one month from the deadline for submission (hereafter in this Article, referred to as "final deadline for submission"): [<Amended by Act No. 12853, Dec. 23, 2014>](#)

1. In cases of agricultural machinery, fishery machinery, or ships prescribed by Presidential Decree: The following provisions:

(a) A device prescribed by Presidential Decree shall be installed thereon to check consumed quantity, etc.;

(b) Documents prescribed by Presidential Decree, which show consumed quantity, etc., shall be submitted to the cooperative responsible for the control of tax petroleum by the deadline for submission;

2. In cases of agricultural machinery, fishery machinery, or facilities for agriculture or fisheries prescribed by Presidential Decree: Documents prescribed by Presidential Decree, which show the volume of production, etc., shall be submitted to the cooperative responsible for the control of tax petroleum by the deadline for submission.

(6) A cooperative responsible for the control of tax - free petroleum, shall issue tax - free petroleum purchase cards, etc., taking into consideration the status of agricultural machinery, etc. held by farmers or fishermen, and the business size of agriculture, forestry, or fisheries.

(7) The National Federation of Agriculture Cooperatives incorporated under the Agricultural Cooperatives Act, the National Federation of Forestry Cooperatives incorporated under the Forestry Cooperatives Act, and the National Federation of

Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act (hereafter in this Article, referred to as "National Federation responsible for the control of tax - free petroleum"), may designate petroleum distributors eligible for selling tax - free petroleum to farmers or fishermen, upon receiving applications from petroleum distributors, as prescribed by Presidential Decree, if necessary for controlling tax - free petroleum efficiently and preventing illegal distribution.

(8) The National Federations and cooperatives responsible for the control of tax - free petroleum (hereafter in this Article, referred to as "institutions responsible for tax - free petroleum"), may disclose the details of tax - free petroleum supplied to farmers or fishermen through their websites.

(9) If a farmer or fisherman supplied with tax - free petroleum using a tax - free petroleum purchase card, etc. issued under paragraph (4), is found to use the tax - free petroleum for any purpose other than agriculture, forestry, or fishery, the head of the competent tax office shall collect the aggregate of the following amounts from the farmer or fisherman as a penalty: <Amended by Act No. 11133, Dec. 31, 2011 >

1. The amount of tax reduced or exempted from value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax on such tax - free petroleum;
2. The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under subparagraph 1.

(10) If a farmer or fisherman (including his/her spouse and lineal ascendants and descendants who engage in production activities and make a living together with the farmer or fisherman), falls under any of the following cases, the farmer or fisherman is banned from using tax - free petroleum for two years (or one year, in cases falling under subparagraph 3; or the date the farmer or fisherman pays a penalty tax, in cases falling under subparagraph 4, where such farmer or fisherman fails to pay the penalty tax calculated under paragraph (9) by the date two years lapse) from the date the institution responsible for tax - free petroleum becomes aware of the relevant fact: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12853, Dec. 23, 2014 >

1. If the farmer or fisherman files a report under paragraph (3) fraudulently or deceptively, or fails to file a report on a change;
2. If the farmer or fisherman transfers a tax - free petroleum purchase card, etc. issued under paragraph (4) or petroleum products supplied using such tax - free

petroleum purchase card, etc. to any third person;

3. If the farmer or fisherman fails to submit the documents specified in paragraph (5) 1 (b) or 2 by the final deadline for submission, or submits a false document;
4. If a ground to additionally collect the amount of tax reduced or exempted as a penalty, arises, as prescribed in paragraph (9).

(11) If a cooperative responsible for the control of tax - free petroleum is found to be involved in the activity provided in subparagraph 1, the head of the competent tax office shall collect, from the cooperative, the equivalent to 40/100 of the amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced on the petroleum products as a penalty. If such cooperative is found to be involved in the activity provided in subparagraph 2, the head of the competent tax office shall collect, from the cooperative, the equivalent to 20/100 of the amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced on the petroleum products as a penalty: <Amended by Act No. 11133, Dec. 31, 2011 >

1. If the cooperative issues a tax - free petroleum purchase card, etc. fraudulently or deceptively;
2. If the cooperative mistakenly issues a tax - free petroleum purchase card, etc. to a farmer or fisherman without examining the relevant evidentiary documents or due to poor management, or issues a tax - free petroleum purchase card, etc. to any person who is neither a farmer nor a fisherman.

(12) Where any person who is neither a farmer nor a fisherman, has been issued a tax - free petroleum purchase card, etc. pursuant to paragraph (4); where a farmer or fisherman or a person who is neither a farmer nor a fisherman, has acquired a tax - free petroleum purchase card, etc., or any petroleum product supplied to other farmer or fisherman using a tax - free petroleum purchase card, etc.; or where the amount of a tax refund or deduction applied for by a petroleum distributor pursuant to paragraph (2), exceeds the amount of the tax refund or deduction the petroleum distributor is entitled to, the head of the competent tax office shall collect the following applicable amount from such person as a penalty: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011 >

1. The aggregate of the following amounts, where the person has a tax - free petroleum purchase card, etc. issued from a cooperative responsible for the control

of tax - free petroleum or acquires a tax - free petroleum purchase card, etc. from a farmer or fisherman:

(a) The equivalent to the amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted, if the person has the petroleum products supplied by the tax - free petroleum purchase card, etc. at the time of issuance or acquisition of such card, etc.;

(b) The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a);

2. The aggregate of the following amounts, where the person acquires the petroleum products supplied to a farmer or fisherman by a tax - free petroleum purchase card, etc.:

(a) The amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted on the petroleum products;

(b) The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a);

3. Where the amount of a tax refund or deduction applied for by the petroleum distributor pursuant to paragraph (2), exceeds the amount of the tax refund or deduction the petroleum distributor is entitled to, the aggregate of the following amounts: Provided, That item (b) shall only apply where an application is filed by any fraudulent means:

(a) The amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted on the relevant petroleum products;

(b) The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a).

(13) Where any of the grounds to collect the amount of tax reduced or exempted from a petroleum distributor, as a penalty, arises as prescribed in paragraph (12), the relevant National Federation responsible for the control of tax - free petroleum may revoke the designation of the petroleum distributor eligible for distributing tax - free petroleum; and the petroleum distributor whose designation is revoked is banned from distributing tax - free petroleum for five years from the date of

revocation of designation. <Amended by Act No. 11614, Jan. 1, 2013>

(14) Paragraph (13) shall also apply to persons who has any of the following relationships with a petroleum distributor against whom a ground to additionally collect the amount of tax reduced or exempted, as a penalty, has arisen, as prescribed in paragraph (12): Provided, That the foregoing shall not apply, if a transferee (excluding any related person prescribed by Presidential Decree to the relevant petroleum distributor) or a relevant corporation proves that the transferee or the corporation had no knowledge of the fact that a ground to collect the amount of tax reduced or exempted from the former petroleum distributor as a penalty, has arisen: <Amended by Act No. 12853, Dec. 23, 2014>

1. Where the petroleum distributor dies, its heir;
2. Where the petroleum distributor has fully transferred the petroleum distribution business, the transferee;
3. Where the corporate petroleum distributor merges with another petroleum distributor, the corporation surviving the merger or the corporation incorporated following the merger.

(15) The annual maximum quantity of each petroleum product referred to in paragraph (1) 1, shall be determined by the Minister of Strategy and Finance, upon receipt of an application filed by the Minister of Agriculture, Food and Rural Affairs, the Minister of Oceans and Fisheries, or the Minister of the Korea Forest Service, as prescribe by Presidential Decree. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 11690, Mar. 23, 2013>

(16) Every National Federation responsible for the control of tax - free petroleum, shall ensure that tax - free petroleum purchase cards, etc. issued under paragraph (4), are used and managed within the annual maximum quantity of petroleum products determined under paragraph (15) (hereafter in this paragraph, referred to as "annual maximum quantity of tax - free petroleum products"); and, if the tax - free petroleum purchase cards, etc. so issued have caused the supply of the petroleum products under paragraph (1) 1 to exceed the annual maximum quantity of tax - free petroleum products, the head of the competent tax office shall collect the amount of value - added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted, as a penalty, from the National Federation responsible for the control of tax - free petroleum products,

deeming that such National Federation responsible for the control of tax - free petroleum products has been supplied with the petroleum products that exceed the annual maximum quantity of tax - free petroleum products. <Amended by Act No. 11133, Dec. 31, 2011 >

(17) Any cooperative incorporated under the Agricultural Cooperatives Act, may charge an amount prescribed by Presidential Decree, as a fee, on persons to whom tax - free petroleum purchase cards, etc. are issued, to appropriate the fee for expenses incurred in issuing tax - free petroleum purchase cards, etc., keeping the ledger, and electronic processing in connection with the supply of tax - free petroleum products to farmers or fisherman.

(18) When a cooperative responsible for the control of tax - free petroleum products discovers that a ground to collect the amount of tax reduced or exempted, or additional amount of tax, as a penalty, has arisen, as prescribed in paragraph (9), (11), or (12), or where a farmer or fisherman is subject to a penalty in lieu of a restriction on, or suspension from, engaging in fishery activities, etc. under the Fisheries Act or any other applicable statute, the cooperative shall immediately suspend the issuance and use of the relevant tax - free petroleum purchase card, etc. and shall notify the head of the competent tax office thereof, without delay. <Amended by Act No. 13560, Dec. 15, 2015 >

(19) When the head of the competent tax office discovers that a ground to collect the amount of tax reduced or exempted, as a penalty, has arisen as prescribed in paragraphs (9) through (14), he/she shall notify the cooperative responsible for the control of tax - free petroleum products thereof, without delay.

(20) Any institution responsible for tax - free petroleum may request data about the death and giving up of farming or fishery business of farmers or fishermen; data about the ship position sent from automatic identification systems of fishing boats; and data about the payment of penalty tax under paragraph (9) from administrative agencies, etc., in order to efficiently perform the affairs relating to the control of tax - free petroleum products; and the administrative agencies, etc. in receipt of such request shall provide the institution responsible for the control of tax - free petroleum products with the relevant data, except in extenuating circumstances. <Amended by Act No. 12853, Dec. 23, 2014 >

(21) Procedures for supplying and controlling tax - free petroleum; methods for issuing and using tax - free petroleum purchase cards, etc.; and procedures for collecting the amount of tax reduced or exempted, the equivalent to the amount of tax reduced or exempted, and the penalty tax under paragraphs (1) through (20); and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 - 3 (Special Taxation for Value - Added Tax on Gold Bullion)(1) No value -

added tax shall be imposed on the supply of any of the following gold bullion (hereafter referred to as "gold bullion" in this Article) of the form, purity, etc.

prescribed by Presidential Decree (hereafter referred to as "tax - free gold bullion" in this Article) until March 31, 2014, pursuant to the classifications specified under paragraph (3): <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014 >

1. Gold bullion supplied by a wholesaler or refiner of gold bullion prescribed by Presidential Decree (hereafter referred to as "gold bullion wholesaler, etc." in this Article) to a gold craftsman, etc. prescribed by Presidential Decree (hereafter referred to as "gold craftsman, etc." in this Article) who has received tax - free recommendation from a person prescribed by Presidential Decree (hereafter referred to as "recommender of trading tax - free gold bullion" in this Article);
2. Gold bullion supplied by a gold bullion wholesaler, etc. or a financial institution prescribed by Presidential Decree (hereafter referred to as "financial institution" in this Article) to a financial institution having received tax - free recommendation from any recommender of trading tax - free gold bullion, or gold bullion supplied by a financial institution pursuant to the consumption loan for gold bullion, or those refunded to them;
3. Gold bullion supplied by transaction of exchange - traded derivatives traded in the derivatives market under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "transaction of exchange - traded derivatives"): Provided, That the same shall not apply where any person, other than a gold craftsman, etc. (including financial institutions) takes over the actual objects of gold bullion;

4. Gold bullion supplied by a financial institution to a gold craftsman, etc. having received tax - free recommendation from any recommender of trading tax - free gold bullion.

(2) No value - added tax shall be imposed on any gold bullion imported by a gold craftsman, etc. and a financial institution, upon receipt of tax - free import recommendation from a person prescribed by Presidential Decree (hereafter referred to as "recommender of importing tax - free gold bullion" in this Article) until March 31, 2014.<Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

(3) Special cases under the Value - Added Tax Act shall apply to tax - free gold bullion as specified in paragraph (1), pursuant to the any of the following provisions:
<Amended by Act No. 11873, Jun. 7, 2013>

1. Article 26 of the Value - Added Tax Act shall apply mutatis mutandis where a financial institution supplies tax - free gold bullion;

2. Where an entrepreneur, other than a financial institution, supplies tax - free gold bullion, the Value - Added Tax Act shall apply to the entrepreneur by deeming him/her to be the taxable entrepreneur for value - added tax. In such cases, no input tax amount of value - added tax which has been borne by the relevant entrepreneur at the time of purchasing the relevant gold bullion in connection with supply of the tax - free gold bullion, shall be deemed the input tax amount to be deducted under Article 38 of the Value - Added Tax Act, but such input tax amount of value - added tax may be subject to deduction that has been borne in connection with the purchase of tax - free gold bullion refined and supplied by a gold bullion refiner among gold bullion wholesalers, etc., and of the tax - free gold bullion refunded by the relevant entrepreneur to the financial institution under the consumption loan for gold bullion under paragraph (1) 2.

(4) In any of the following cases, the collecting agent of value - added tax prescribed by Presidential Decree (hereafter referred to as "value - added tax collecting agent" in this Article) shall collect the value - added tax from the person subject to collection of value - added tax prescribed by Presidential Decree (hereafter referred to as "person subject to collection of value - added tax" in this Article) at the time of supply, as prescribed by Presidential Decree, and pay it to the head of the tax office having jurisdiction over the business place, the Bank of Korea, or postal offices by no

later than the end of the month following that in which the date of collection falls, as prescribed by Presidential Decree:

1. Where the financial institution fails to receive any refund of gold bullion supplied under the consumption loan for gold bullion;
2. Where any person, other than gold craftsmen, etc. (including financial institutions) takes over the actual objects of gold bullion, in cases of transaction of exchange-traded derivatives of gold bullion.

(5) In applying paragraph (4), the value-added tax collecting agent shall deliver a receipt for collecting value-added tax on gold bullion at the time it collects the value-added tax, as prescribed by Presidential Decree.

(6) Where any person who has made a tax-free import of gold bullion under paragraph (2) for the purpose, etc. of supplying the gold bullion to the gold craftsmen, etc. under paragraph (1) fails to supply the relevant imported gold bullion for the relevant purpose, the director of the competent customs office shall collect the value-added tax related to the import from the importer, and deliver a tax invoice: Provided, That the same shall not apply to cases prescribed by Presidential Decree.

(7) Any person who has made a tax-free supply (excluding supply by any person who has transacted exchange-traded derivatives through a financial investment business entity under Article 8 of the Financial Investment Services and Capital Markets Act) or import of gold bullion under paragraphs (1) and (2), a recommender of trading the tax-free gold bullion, a recommender of importing the tax-free gold bullion, and financial institutions, shall file a report with the head of the competent tax office having jurisdiction over the business place on the details of trades of the tax-free gold bullion (including trading exchange-traded derivatives of gold bullion through a financial investment business entity; hereafter in this Article the same shall apply), and the details of recommendations by no later than the end of the month following the last month of each quarter, as prescribed by Presidential Decree, shall record on the books by classifying the details of trading the tax-free gold bullion, those of imports, and those of recommendations for tax exemption, and shall keep the aforementioned books for five years from the end of business year whereto belongs the date of supplying the tax-free gold bullion, date of imports, and date of recommendations.

(8) The amounts collected by the head of the tax office having jurisdiction over the business place or the director of the competent customs office pursuant to the following classifications shall be deemed collected as the value - added tax in the same manner as national taxes are collected:

1. Where the gold bullion recommended for tax exemption from the recommender of trading the tax - free gold bullion under paragraph (1) 1 are supplied to any person, other than the recommended persons, the amount equivalent to ten percent of the value - added tax amount on the relevant gold bullion shall be collected as an additional tax;
2. Where the gold bullion are supplied under paragraph (1) 2, if it falls under any of the following items, the amount equivalent to ten percent of the value - added tax amount on the relevant gold bullion shall be collected an additional tax:
 - (a) Where the gold bullion wholesalers, etc. and financial institutions supply the gold bullion recommended for tax exemption by the recommender of trading the tax - free gold bullion to any person, other than the recommended financial institutions;
 - (b) Where, when an entrepreneur redeems the gold bullion borrowed under the consumption loan for gold bullion, the gold bullion is supplied to any person, other the financial institution from which it have been borrowed;
3. Where the value - added tax collecting agent liable to collect and pay the value - added tax under paragraph (4) has failed to collect and pay the value - added tax from the person subject to collection of such tax, such amount shall be collected as computed by adding the amount equivalent to ten percent of the unpaid tax amount to said tax amount;
4. As the person who has made the tax - free import of the gold bullion under paragraph (2) for the purpose of supplying the gold bullion to the gold bullion craftsmen, etc. under paragraph (1) has failed to supply the relevant gold bullion for relevant purposes, where the director of the competent customs office collects the value - added tax under paragraph (6), such amount shall be collected as computed by adding the amount equivalent to ten percent of unpaid tax amount to the said tax amount;
5. Where any person who is liable to conscientiously perform the obligation to report, record on books, manage and keep the details, etc. of trading the tax - free gold

bullion under paragraph (7) has failed to do so, the amount set under each of the following items shall be collected as the additional tax. In such cases, item (b) shall apply where it falls simultaneously under items (a) and (b):

(a) Where the books referred to in paragraph (7) have not been kept or recorded, or the trading amount and recommended amount of the tax - free gold bullion pursuant to the kept or recorded books fall short of the trading amount and recommended amount to be recorded on the books, the amount equivalent to 1/100 of such insufficient trading amount and recommended amount of the tax - free gold bullion (5/1,000 in cases of the recommender of trading the tax - free gold bullion, or the recommender of importing the tax - free gold bullion);

(b) Where the details of trading and recommendation of the tax - free gold bullion are not reported under paragraph (7) to the head of the tax office having jurisdiction over the business place, or they fall short of the trading amount and recommended amount of the tax - free gold bullion to be reported, the amount equivalent to 1/100 of such unreported or insufficient trading amount and recommended amount of the tax - free gold bullion (5/1,000 in cases of the recommender of trading the tax - free gold bullion, or the recommender of importing the tax - free gold bullion).

(9) Any portion of the value - added taxes collected under paragraph (4) from a general taxable person for value - added tax, or any portion for which a tax invoice has been delivered under paragraph (6), may be subject to a deduction as an input tax amount by applying mutatis mutandis Articles 37 through 39 of the Value - Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013>

(10) Where a financial institution fails to obtain redemption of the gold bullion supplied under the consumption loan for gold bullion, if the person failing to redeem the relevant gold bullion falls under the causes prescribed by Presidential Decree, no value - added tax shall be collected, notwithstanding paragraph (4).

(11) If it is deemed necessary to preserve value - added tax, the head of the competent tax office may request gold bullion wholesalers, etc. and gold craftsmen, etc. prescribed by Presidential Decree to furnish security.

(12) In the application of paragraphs (1) through (11), matters necessary for the methods of, and procedures for, exempting gold bullion from taxes, the delivery of tax invoices, additional collection, collection, return, post management, the amount of

a security for the tax payment of gold bullion, the period of such security, the time for offering the security for tax payment, the procedures therefor, and the revocation thereof shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 - 4 (Special Taxation for Payment of Value - Added Tax by Purchasers of Gold - Related Products)

(1) A business operator who intends to supply, or to be supplied with, any of the following products (hereafter in this Article, referred to as "gold - related product") or a business operator who intends to import gold - related products (hereafter in this Article, referred to as "gold business operator"), shall open an account for trading gold (hereafter in this Article, referred to as "gold trading account"), as prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

1. Gold bullion in the shape, purity, etc. prescribed by Presidential Decree;
2. Gold products in the shape, purity, etc. prescribed by Presidential Decree;
3. Gold waste and scrap prescribed by Presidential Decree.

(2) Notwithstanding Article 31 of the Value - Added Tax Act, no value - added tax shall be levied on any gold - related product supplied by a gold business operator to another gold business operator. <Amended by Act No. 11873, Jun. 7, 2013 >

(3) A gold business operator supplied with a gold - related product from another gold business operator, shall pay the amount specified in subparagraph 1 to the supplying business operator and the amount specified in subparagraph 2 to the person designated by Presidential Decree, respectively, using his/her gold trading account, at the time the gold business operator is supplied with the gold - related product or is issued a tax invoice: Provided, That, if such gold business operator settles the price of the gold - related product by any of the methods prescribed by Presidential Decree, such as a loan for financing business purchases, it may pay the amount specified in subparagraph 2 only: <Amended by Act No. 11873, Jun. 7, 2013; Act No. 12853, Dec. 23, 2014 >

1. The price of the gold - related product;
2. The amount calculated by applying the tax rate specified in Article 30 of the Value - Added Tax Act to the tax base specified in Article 29 of the same Act (hereafter in this Article, referred to as "amount of value - added tax").

(4) Notwithstanding Article 50 of the Value - Added Tax Act, value - added tax on imported gold - related products may be paid by methods prescribed by Presidential Decree through a gold trading account. <Amended by Act No. 11873, Jun. 7, 2013 >

(5) Paragraphs (3) and (4) shall not apply where no value - added tax is levied pursuant to Articles 106 - 3 and 126 - 7 (1) 2. <Amended by Act No. 12173, Jan. 1, 2014 >

(6) Where a gold business operator supplied with a gold - related product, fails to pay the amount of value - added tax calculated under paragraph (3) 2, the amount of tax stated in the tax invoice, which is issued by another gold business operator who has supplied the gold - related product, shall not be deemed the input tax deductible from the output tax, notwithstanding Articles 37 and 38 of the Value - Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013 >

(7) Where the price of a gold - related product is settled between gold business operators without using a gold trading account under paragraph (3), 10/100 of the price of the gold - related product shall be levied on both the gold business operator who supplies the gold - related product and the gold business operator supplied with the gold - related product, as a penalty tax: Provided, That no penalty tax shall be levied on any business operator who intends to supply, or to be supplied with, a mixture of the product referred to in paragraph (1) 3 and any of products referred to in Article 106 - 9 (1) using an account for trading scrap, etc. under the main sentence of the same paragraph. <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(8) Where a gold business operator supplied with a gold - related product, fails to pay the amount of value - added tax as prescribed in paragraph (3), the head of the competent tax office shall collect, from the gold business operator, the amount of value - added tax payable plus an amount calculated by multiplying the interest rate prescribed by Presidential Decree to the period from the date immediately following the date the gold - related product is supplied, until the date the amount of value - added tax is paid (which shall be not later than the filing deadline of the tax return under Article 48, 49, 66, or 67 of the Value - Added Tax Act). <Amended by Act No. 11873, Jun. 7, 2013 >

(9) The amount of value - added tax paid by a business operator supplied with a gold - related product under paragraph (3) may be either deducted from the amount of tax payable by the gold business operator who has supplied the gold - related

product, or added to the amount of tax refundable.

(10) If the ratio of the sales of gold - related products supplied by a gold business operator during the filing periods for the pertinent preliminary and final returns to the purchases of gold - related products, does not exceed the ratio prescribed by Presidential Decree, the head of the competent tax office may postpone the refund: Provided, That the same shall not apply in any of the following cases:

1. Where the amount of tax refundable does not exceed the amount prescribed by Presidential Decree;
2. In circumstances prescribed by Presidential Decree in which the gold business operator is unlikely to default on tax payment or evade tax.

(11) The scope of gold business operators who should use gold trading accounts; methods for depositing in a gold trading account; the disposal of the amount of value - added tax deposited; and other matters necessary for implementing the purchaser payment system under paragraphs (1) through (10), shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 - 5 Deleted. <by Act No. 12173, Jan. 1, 2014>

Article 106 - 6 (Submission of Statement of Transactions of Gold Bullion, etc.)(1) A gold bullion refiner prescribed by Presidential Decree shall submit a statement on production and release of gold bullion prescribed by Presidential Decree, as an accompanying document of the tax return, at the time of filing a tax return for value - added tax under Article 48, 49, 66, or 67 of the Value - Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013 >

(2) Whenever a gold - related product prescribed by Presidential Decree is imported, the director of the customs office shall submit the details of the relevant import declaration to the head of the tax office having jurisdiction over the importer's place of business by no later than the end of the month following that in which the import is declared.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 - 7 (Value - Added Tax Relief for General Taxicab Business Operators)(1)
General taxicab business operators defined under the Passenger Transport Service

Act and the Enforcement Decree of the same Act (hereafter referred to as "general taxicab business operator" in this Article) are entitled to a tax relief for 95/100 of the value - added tax by the taxable periods that end on or before December 31, 2018. <Amended by Act No. 10285, May 14, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

(2) A general taxicab business operator shall pay, in cash, an amount equivalent to 90/100 of the amount of the value - added tax, out of the amount of tax relief under paragraph (1), to general taxicab drivers defined under the Passenger Transport Service Act (hereafter referred to as "general taxicab driver" in this Article), within one month from the end of the filing deadline of the final return and payment (hereafter referred to as "payment period" in this Article) of value - added tax for which tax relief was given, as determined by the Minister of Land, Infrastructure and Transport. In such cases, the general taxicab business operator shall notify general taxicab drivers that the amount paid in cash is the tax relief for value - added tax. <Amended by Act No. 10285, May 14, 2010; Act No. 11690, Mar. 23, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(3) A general taxicab business operator shall pay an amount equivalent to 5/100 of the amount of the value - added tax, out of the amount of tax relief under paragraph (1), within the payment period to the institution designated by the Minister of Land, Infrastructure and Transport (hereafter referred to as "institution in charge of the management of the fund for compensating for the reduction of taxicabs" in this Article), as prescribed by the Ministry of Land, Infrastructure and Transport, in order to use the amount as a fund for compensating for the reduction of taxicabs. <Newly Inserted by Act No. 12853, Dec. 23, 2014>

(4) Every general taxicab business operator shall submit a statement of payment of the amount of tax relief under paragraph (1) to the general taxicab drivers pursuant to paragraph (2), respectively to the Minister of Land, Infrastructure and Transport and the head of the tax office having jurisdiction over the general taxi business operators, within ten days upon the expiration of the payment period.<Newly Inserted by Act No. 12173, Jan. 1, 2014>

(5) The Minister of Land, Infrastructure and Transport shall ascertain whether each general taxicab business operator has paid the amount of tax relief under paragraph

(1) within the payment period as prescribed in paragraphs (2) and (3), and shall notify the Commissioner of the National Tax Service or the head of the tax office having jurisdiction over the general taxicab business operator of the findings thereof (hereafter referred to as "notification of nonpayment" in this Article) within three months upon the expiration of the payment period. In such cases, the Minister of Land, Infrastructure and Transport shall also notify the general taxicab business operator that it becomes subject to notification of nonpayment. <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(6) Upon receipt of the notification of nonpayment under paragraph (5), the Commissioner of the National Tax Service or the head of the tax office having jurisdiction over the general taxicab business operator shall additionally collect an amount calculated by the formula classified below from a general taxicab business operator: <Amended by Act No. 10285, May 14, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11690, Mar. 23, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. Where the general taxicab business operator pays the outstanding amount of tax relief pursuant to paragraph (2) or (3) (hereafter referred to as "amount of unpaid tax relief" in this paragraph) by the date on which he/she receives the notification of nonpayment: Sum of the following amounts:

(a) Amount equivalent to interest on the amount equivalent to the amount of tax relief, which is calculated by the following formula; Amount equivalent to interest = Amount equivalent to the amount of unpaid tax relief × Period (days) from the day following the last day of the filing deadline of a return and payment of value-added tax to which tax relief has been granted pursuant to paragraph (1) until the payment date × 3/10,000;

(b) Penalty tax equivalent to 20/100 of the amount equivalent to the amount of unpaid tax relief;

2. Where the general taxicab business operator fails to pay the amount of unpaid tax relief until the date on which he/she receives the notification of nonpayment: Total sum of the following amounts:

(a) Amount equivalent to the amount of unpaid tax relief;

(b) Amount equivalent to interest on the amount equivalent to the amount of tax relief, which is calculated by the following formula; Amount equivalent to interest = Amount equivalent to the amount of unpaid tax relief × Period (days) from the

day following the last day of the filing deadline of a return and payment of value - added tax to which tax relief has been granted pursuant to paragraph (1) until the date of the notification of the amount of tax to be additionally collected $\times \frac{3}{10,000}$;

(c) Penalty tax equivalent to $\frac{40}{100}$ of the amount equivalent to the amount of unpaid tax relief;

3. Deleted. <by Act No. 11133, Dec. 31, 2011 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 106 - 8 Deleted. <by Act No. 12173, Jan. 1, 2014 >

Article 106 - 9 (Special Taxation for Payment of Value - Added Tax by Purchasers of

Scrap, etc.)(1) A business operator who intends to supply, or to be supplied with, any of the following articles (hereinafter referred to as "scrap, etc."), or a business operator who intends to import such articles (hereinafter referred to as "business operator of scrap, etc."), shall open an account for transactions of scrap, etc.

(hereinafter referred to as "account for trading scrap, etc."), as prescribed by Presidential Decree: <Amended by Act No. 13560, Dec. 15, 2015 >

1. Castings in the form of bullion, which are produced from the waste, scrap, or ingot of copper, or from the waste or scrap of re - melting copper similar thereto, classified in the Harmonized System of Korea published by the Minister of Strategy and Finance under Article 84 of the Customs Act;

2. Waste and scrap of copper alloy with the copper content of at least 40 percent;

3. Waste and scrap of iron; remelting scrap ingots of iron or steel; or other similar articles prescribed by Presidential Decree, classified in the Harmonized System of Korea published by the Minister of Strategy and Finance under Article 84 of the Customs Act.

(2) Notwithstanding Article 31 of the Value - Added Tax Act, no value - added tax shall be levied on any scrap, etc. supplied by a business operator of scrap, etc. to another business operator of scrap, etc. <Amended by Act No. 13560, Dec. 15, 2015 >

(3) A business operator of scrap, etc. supplied with scrap, etc. from another business operator of scrap, etc., shall pay the amount specified in subparagraph 1 to the business operator that has supplied the scrap, etc. and the amount specified in subparagraph 2 to the person designated by Presidential Decree, respectively, using

his/her account for trading scrap, etc. at the time the gold business operator is supplied with the scrap, etc. or is issued a tax invoice: Provided, That, if such business operator of scrap, etc. settles the price of the scrap, etc. by any of the methods prescribed by Presidential Decree, such as a loan for financing business purchases, it may pay the amount specified in subparagraph 2 only: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. The price of the scrap, etc.;
2. The amount calculated by applying the tax rate specified in Article 30 of the Value - Added Tax Act to the tax base specified in Article 29 of the same Act (hereafter in this Article, referred to as "amount of value - added tax").

(4) Notwithstanding Article 50 of the Value - Added Tax Act, value - added tax on imported scrap, etc. may be paid by any of the methods prescribed by Presidential Decree through an account for trading scrap, etc. <Amended by Act No. 13560, Dec. 15, 2015>

(5) Where a business operator of scrap, etc. supplied with scrap, etc., fails to pay the amount of value - added tax calculated under paragraph (3) 2, the amount of tax stated in the tax invoice, which is issued by another business operator of scrap, etc. who has supplied the scrap, etc., shall not be deemed the input tax deductible from the output tax, notwithstanding Article 38 of the Value - Added Tax Act. <Amended by Act No. 13560, Dec. 15, 2015>

(6) Where the price of scrap, etc. is settled between business operators of scrap, etc. without using an account for trading scrap, etc. under paragraph (3), 10/100 of the price of the scrap, etc. shall be levied on the business operator of scrap, etc. who has supplied, or has been supplied with, such scrap, etc., as a penalty tax: Provided, That no penalty tax shall be levied on any business operator who intends to supply, or to be supplied with, a mixture of any of the articles specified under paragraph (1) and products specified in Article 106 - 4 (1) 3, using an account for trading gold under the main sentence of the same paragraph. <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(7) Where a business operator of scrap, etc. supplied with scrap, etc., fails to pay the amount of value - added tax as prescribed in paragraph (3), the head of the competent tax office shall collect, from the business operator of scrap, etc., the amount of value - added tax payable plus an amount calculated by multiplying the

interest rate prescribed by Presidential Decree to the period from the date immediately following the date the scrap, etc. is supplied, until the date the amount of value - added tax is paid (which shall be not later than the filing deadline of a tax return under Articles 48, 49, and 67 of the Value - Added Tax Act). <Amended by Act No. 13560, Dec. 15, 2015>

(8) The amount of value - added tax paid by a business operator of scrap, etc. supplied with scrap, etc. under paragraph (3), shall be either deducted from the amount of tax payable by the business operator of scrap, etc. who has supplied the scrap, etc., or added to the amount of tax refundable. <Amended by Act No. 13560, Dec. 15, 2015>

(9) If the ratio of the sales of scrap, etc. to the purchases of scrap, etc. during the periods for filing the pertinent preliminary and final returns, does not exceed the ratio prescribed by Presidential Decree, the head of the competent tax office may postpone the refund: Provided, That the same shall not apply in any of the following cases: <Amended by Act No. 13560, Dec. 15, 2015>

1. Where the amount of tax refundable does not exceed the amount prescribed by Presidential Decree;
2. In cases prescribed by Presidential Decree where the business operator of scrap, etc. is unlikely to default on taxes, or to evade taxes.

(10) A person designated by Presidential Decree under the main sentence of paragraph (3) who receives the value - added tax paid under paragraph (3), shall deposit the amount of value - added tax calculated after deducting from the amount of tax payable or adding to the amount of tax refundable as prescribed by paragraph (8) into the National Treasury by the 25th of the month following the end of each quarter.

(11) The scope of business operators of scrap, etc. who should use an account for trading scrap, etc.; methods for depositing in an account for trading scrap, etc.; the disposal of the amount of value - added tax deposited; managing returns on, and payment of, value - added tax, income tax, and corporate tax by business operators dealing in scrap, etc.; and other matters necessary for implementing the purchaser payment system under paragraphs (1) through (10), shall be prescribed by Presidential Decree. <Amended by Act No. 13560, Dec. 15, 2015>

[This Article Newly Inserted by Act No. 11759, May 10, 2013]

Article 107 (Special Cases concerning Indirect Taxes on Foreign Business Operators,

etc.)(1) The zero rating of value - added tax may apply to goods that foreign tourists, etc. purchase from business operators prescribed by Presidential Decree in order to take out of the Republic of Korea, or the amount of value - added tax on the relevant goods may be refunded, as prescribed by Presidential Decree.

(2) Goods that foreign tourists, etc. purchase at shops prescribed by Presidential Decree in order to take out of the Republic of Korea, may be exempt from individual consumption tax, or individual consumption tax on the relevant goods may be refunded, as prescribed by Presidential Decree.

(3) Where any goods exempt from value - added tax or individual consumption tax (including the application of the zero rating of value - added tax) or eligible for a refund thereof under paragraphs (1) and (2), are not taken out of the Republic of Korea, the value - added tax or individual consumption tax shall be collected, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) through (3), the scope of foreign tourists, etc.; the scope of eligible goods; the procedures for purchase and sale; tax refunds; and other necessary matters, shall be prescribed by Presidential Decree.

(5) If deemed necessary for preventing unlawful distribution, the Commissioner of the National Tax Service, the commissioners of the regional tax offices, or the heads of the tax offices, may issue necessary orders to the business operators referred to in paragraph (1) or the shops referred to in paragraph (2), as prescribed by Presidential Decree.

(6) If a foreign corporation or non - resident that has no place of business in the Republic of Korea, and operates a business in a foreign country (hereafter in this Article, referred to as "foreign business operator"), purchases or is provided with any of the following goods or services for its business in the Republic of Korea, the relevant foreign business operator is entitled to get a refund of the value - added tax on such goods or services, as prescribed by Presidential Decree: Provided, That this shall not apply where the amount refundable to such foreign business operator for one calendar year, does not exceed the amount prescribed by Presidential Decree:

1. Food and lodging services;
2. Advertisement services;
3. Other goods or services prescribed by Presidential Decree.

(7) Where a foreign diplomat stationed in the Republic of Korea or any other equivalent person prescribed by Presidential Decree (hereafter in this Article, referred to as "diplomat, etc."), purchases or is provided with any goods or services (excluding any goods or services subject to Articles 21 through 25 of the Value - Added Tax Act) at a duty - free shop prescribed by Presidential Decree, the relevant diplomat, etc. is entitled to get a refund of the value - added tax levied on such goods or services up to one million won per year, as prescribed by Presidential Decree.

[<Amended by Act No. 11873, Jun. 7, 2013>](#)

(8) The refund of value - added tax under paragraph (6) or (7), shall be allowable only if the relevant foreign country makes the same refund to Korean business operators, diplomats, or diplomatic missions.

(9) Paragraph (6) may apply mutatis mutandis to any of the following foreign corporations involved directly in operating the 2018 PyeongChang Olympic and Paralympic Winter Games (hereafter in this Article, referred to as the "Games") to refund value - added tax on any of the following goods or services supplied to the corporation in connection with operating the Games, by December 31, 2018, and the goods or services prescribed by Presidential Decree, supplied to a foreign corporation referred to in subparagraph 2 in connection with broadcasting the Games: Provided, That paragraph (8) shall not apply: [<Newly Inserted by Act No. 14390, Dec. 20, 2016>](#)

1. A foreign corporation referred to in Article 104 - 28 (1) 1 or 2;
2. A foreign corporation referred to in Article 104 - 28 (1) 3 or a person who holds the exclusive broadcast rights of the Games under a contract with the International Olympic Committee;
3. A foreign corporation that provides money, goods, or services to the International Olympic Committee of the Organizing Committee of the Games in consideration for the license for using the emblem of the International Olympic Committee under a contract with the International Olympic Committee;
4. Other foreign corporations prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 107 - 2 (Special Cases concerning Value - Added Tax for Foreign Tourists) (1)

Where a foreign tourist, etc. is provided with accommodation services for a period of no less than two, but not exceeding thirty days (hereafter referred to as "accommodation services eligible for tax refunds" in this Article) at a tourist hotel under the Tourism Promotion Act which meets the requirements prescribed by Presidential Decree (hereafter referred to as "tourist hotel subject to application of special cases" in this Article) by not later than March 31, 2015, he/she shall be eligible to receive a refund of value - added tax on accommodation services subject to refund, as prescribed by Presidential Decree.

(2) Where a foreign tourist, etc. receives a refund of value - added tax on accommodation services ineligible for tax refunds under paragraph (1), the head of the tax office having jurisdiction over the relevant tourist hotel subject to application of special cases shall collect the amount of the value - added tax from a person prescribed by Presidential Decree, such as the tourist hotel subject to application of special cases, as prescribed by Presidential Decree.

(3) Where deemed necessary for preventing the illegal refund of value - added tax, the Commissioner of the National Tax Service, the commissioner of the competent regional tax office, or the head of the competent tax office may issue necessary orders to tourist hotels subject to the application of special cases, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) and (2), the scope of foreign tourists, tourist hotels subject to application of special cases, and accommodation services eligible for tax refunds, the procedure for tax refunds, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

Article 107 - 3 (Special Cases concerning Refunds of Value - Added Tax to Foreign

Tourists Provided with Medical Services for Cosmetic Surgeries)(1) A foreign tourist prescribed by Presidential Decree (hereafter in this Article, referred to as "foreign tourist") who is provided with medical services prescribed by Presidential Decree (hereafter in this Article, referred to as "medical services eligible for refund") at a medical institution registered with the Minister of Health and Welfare under Article 6

(1) of the Act on Support for Overseas Expansion of Healthcare System and Attraction of International Patients (hereafter in this Article, referred to as "medical institution eligible for special treatment") by not later than December 31, 2017, is entitled to get a refund of value - added tax levied on such medical services, as prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

(2) Where the operator of a medical institution eligible for special treatment provides medical services eligible for refund to a foreign tourist, the operator shall issue a certificate of provision of medical services in the form prescribed by Ordinance of the Ministry of Strategy and Finance (hereafter in this Article, referred to as "certificate of provision of medical services"), to the foreign tourist, and shall transmit the same to the person who engages in the business refunding the value - added tax paid by foreign tourists (hereafter in this Article, referred to as "business operator of refund desks") electronically through an information and communications network.

(3) A foreign tourist who intends to obtain a refund under paragraph (1), shall submit the relevant certificate of provision of medical services to any business operator of refund desks within three months from the date the foreign tourist is provided with medical services eligible for refund.

(4) Where a foreign tourist has obtained a refund of value - added tax for any medical services other than medical services eligible for refund; where a medical institution eligible for special treatment has issued or transmitted a certificate of provision of medical services containing a false statement; or where any of the grounds prescribed by Presidential Decree arises, the head of the tax office having jurisdiction over the medical institution eligible for special treatment, shall collect the value - added tax and penalty tax from such medical institution. In such cases, Articles 57, 58, and 60 of the Value - Added Tax Act shall apply to the assessment, collection, etc. of the amount of value - added tax.

(5) For the purposes of paragraphs (1) through (4), requirements for, and procedures for designation of, business operators of refund desks; procedures for refunding and collecting value - added tax; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 108 (Special Cases concerning Deduction of Input Tax Amount for Value - Added

Tax on Recycled Waste Resources, etc.)(1) Where a business operator who collects recycled waste resources and used cars, acquires waste resources or used cars, respectively, by not later than December 31, 2018, from persons prescribed by Presidential Decree, including those unable to issue tax invoices, and manufactures, processes, or supplies them, the business operator is entitled to deduct an amount calculated by multiplying the acquired value thereof by the following percentage, as his/her input tax amount, from his/her output tax calculated under Article 37 (1) or 38 of the Value - Added Tax Act: <Amended by Act No. 11873, Jun. 7, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>

1. Recycled waste resources: 3/103: Provided, That 5/105 shall apply if they are acquired during the period between January 1, 2014 and December 31, 2015;
2. Used cars: 9/109.

(2) Where a business operator who collects recycled waste resources, has been granted a special deduction of an input tax amount for value - added tax on such waste resources, the business operator is entitled to deduct the input tax amount up to the ceiling calculated by subtracting the purchase value of such waste resources (excluding the purchase value of the business operator's fixed business assets) acquired upon receiving a tax invoice from the amount calculated by multiplying the tax base of value - added tax on such waste resources supplied by the business operator during the relevant taxable period, at the time of filing the final return of value - added tax, by 80/100 (or 90/100, in cases of the recycled waste resources acquired by not later than December 31, 2007) from the output tax amount. In such cases, if the business operator has deducted such amount as the input tax amount of such waste resources at the time of filing the preliminary return under Article 48 of the Value - Added Tax Act, and the return of refunds under Article 59 (2) of the same Act, such amount shall be adjusted at the time of filing the final return under Article 49 of the same Act. <Amended by Act No. 11873, Jun. 7, 2013>

(3) For the purposes of paragraphs (1) and (2), the scope of business operators who collect recycled waste resources and used cars; the scope of recycled waste resources and used cars; methods for deducting the input tax amount; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

- Article 108 - 2 (Special Cases Concerning Deduction of Input Tax Amount for Value - Added Tax on Scrap, etc. of Business Operators of Scrap, etc.)**(1) Where a business operator of scrap, etc. has a special deduction of an input tax amount for value - added tax on scrap, etc. under Article 108 (1), the business operator may file a report thereon to the head of the tax office having jurisdiction over the place of his/her business, as prescribed by Presidential Decree, within 25 days after expiration of the period prescribed by Presidential Decree (hereafter referred to as "period for special deduction" in this Article), notwithstanding the former part of Article 108 (2). <Amended by Act No. 13560, Dec. 15, 2015 >
- (2) A business operator of scrap, etc. shall pay the amount of tax payable for the period of special deduction to the head of the tax office having jurisdiction over his/her place of business at the time the business operator files a report under paragraph (1). <Amended by Act No. 13560, Dec. 15, 2015 >
- (3) The Value - Added Tax Act shall apply where the value - added tax is paid and reported under paragraphs (1) and (2).

[This Article Newly Inserted by Act No. 11759, May 10, 2013]

- Article 108 - 3 (Special Cases Concerning Preliminary Imposition of Value - Added Tax on Gold Business Operators and Business Operators of Scrap, etc.)**(1) Where the value - added tax assessed under the main sentences of Article 48 (3) and 66 (1) of the Value - Added Tax Act is collected from a gold business operator or a business operator of scrap, etc., an amount computed by subtracting the amount of value - added tax to be deposited into the National Treasury from his/her account for trading gold or scrap, etc. as at the last day of the filing period of preliminary returns or the preliminary imposition period from the assessed amount of tax shall be collected: Provided, That, if the amount so computed is a negative number, the amount shall be deemed zero. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >
- (2) In filing a return and making a payment of value - added tax under Article 48 (4) and 66 (2) of the Value - Added Tax Act, a gold business operator or a business operator of scrap, etc. shall file the return and pay the amount computed by subtracting the amount of value - added tax to be deposited into the National

Treasury from his/her account for trading gold or scrap, etc. as at the last day of the filing period of preliminary returns or the preliminary imposition period: Provided, That, if the amount so computed is a negative number, the amount shall be deemed zero. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

[This Article Newly Inserted by Act No. 11759, May 10, 2013] <<Enforcement Date: Oct. 1, 2016>>

Article 109 (Reduction or Exemption of Individual Consumption Tax on Environment -

Friendly Motor Vehicles)(1) Individual consumption tax shall be reduced or exempted on hybrid motor vehicles defined in subparagraph 5 of Article 2 of the Act on Promotion of Development and Distribution of Environment - Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of the same Act.

(2) The amount of individual consumption tax to be reduced or exempted under paragraph (1), shall be as follows:

1. The full amount of individual consumption tax, if it does not exceed one million won;
2. One million won, if the amount of individual consumption tax exceeds one million won.

(3) Paragraph (1) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between July 1, 2009 and December 31, 2018. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(4) Individual consumption tax shall be reduced or exempted on electric motor vehicles defined in subparagraph 3 of Article 2 of the Act on Promotion of Development and Distribution of Environment - Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of the same Act. <Newly Inserted by Act No. 11133, Dec. 31, 2011>

(5) The amount of individual consumption tax to be reduced or exempted under paragraph (4), shall be as follows: <Newly Inserted by Act No. 11133, Dec. 31, 2011>

1. The full amount of individual consumption tax, if it does not exceed two million won;
2. Two million won, if the amount of individual consumption tax exceeds two million won.

(6) Paragraph (4) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between January 1, 2012 and December 31, 2017.<Newly Inserted by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014>

(7) Individual consumption tax shall be reduced or exempted on fuel battery motor vehicles defined in subparagraph 6 of Article 2 of the Act on Promotion of Development and Distribution of Environment - Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of the same Act. <Newly Inserted by Act No. 14390, Dec. 20, 2016>

(8) The amount of individual consumption tax to be reduced or exempted under paragraph (7), shall be as follows:<Newly Inserted by Act No. 14390, Dec. 20, 2016>

1. The full amount of individual consumption tax, if it does not exceed four million won;
2. Four million won, if the amount of individual consumption tax exceeds four million won.

(9) Paragraph (7) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between January 1, 2017 and December 31, 2019.<Newly Inserted by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 109 - 2 (Reduction or Exemption of Individual Consumption Tax for Replacing

Decrepit Diesel Motor Vehicles)(1) Where any person (including any corporation) who owns, as at June 30, 2016 (based on the date of registration; hereafter in this Article, the same shall apply), a diesel - powered motor vehicle newly registered on or before December 31, 2006 pursuant to the Motor Vehicle Management Act (excluding two - wheeled motor vehicles and used motor vehicles acquired by a motor vehicle dealer registered under the Motor Vehicle Management Act for sale; hereafter in this Article, referred to as "decrepit diesel motor vehicle"), scraps or exports the decrepit diesel motor vehicle, and registers a new passenger vehicle (limited to a newly - manufactured vehicle; hereafter in this Article, referred to as "new vehicle") in his/her name within two months before or after the date the decrepit diesel motor vehicle is deregistered, the person is entitled to a tax reduction by 70/100 of the amount of individual consumption tax. In such cases, a reduction of

individual consumption tax shall be granted for only one new vehicle replacing one decrepit diesel motor vehicle. <Amended by Act No. 14390, Dec. 20, 2016>

(2) Where the amount of tax to be reduced per motor vehicle under paragraph (1), exceeds one million won, one million won shall be reduced.

(3) Where a reduction of individual consumption tax is granted to a person failing to meet the requirements prescribed in paragraph (1), the head of the competent tax office or the head the competent customs office shall collect the aggregate of the following amounts from a taxpayer under Article 3 of the Individual Consumption Tax Act: Provided, That a new motor vehicle buyer shall be deemed a taxpayer under Article 3 of the Individual Consumption Tax Act in circumstances prescribed by Presidential Decree:

1. The amount of tax reduced under paragraphs (1) and (2) (if a tax reduction is granted for at least two new motor vehicles per decrepit motor vehicle, referring to the amount of tax reduced on all the new motor vehicles);
2. Additional tax equivalent to 10/100 of the amount of tax reduced under subparagraph 1 (if a tax reduction is granted for at least two new motor vehicles per decrepit motor vehicle, referring to the equivalent to 40/100 of the amount of tax reduced).

(4) Paragraph (3) need not apply in extenuating circumstances prescribed by Presidential Decree.

(5) Procedures for applying for reductions or exemptions; how to verify and submit evidentiary documents; how to collect the amount of tax reduced and additional tax; and other necessary matters under paragraphs (1) through (3), shall be prescribed by Presidential Decree.

(6) Deleted. <by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 109 - 3 (Exemption from Individual Consumption Tax on Goods for EXPO 2012

Yeosu Korea)(1) Goods acquired by the Organizing Committee for the EXPO 2012 Yeosu Korea participants in the EXPO prescribed by Presidential Decree (hereafter referred to as "EXPO participants" in this Article) to use for the manufacture and construction of direct facilities for EXPO under subparagraph 2 of Article 2 of the Special Act on Support to and Ex - Post Facto Utilization of the Expo Yeosu Korea,

and for the operation of EXPO, which are difficult to manufacture in Korea shall be exempted from individual consumption tax. <Amended by Act No. 11241, Jan. 26, 2012 >

(2) When an EXPO participant transfers gratuitously the articles of exhibit prescribed by Presidential Decree to the EXPO management entity prescribed by Presidential Decree after the EXPO 2012 Yeosu Korea is over, such articles shall be exempted from individual consumption tax.

[This Article Newly Inserted by Act No. 9921, Jan. 1, 2010]

Article 110 (Exemption from Individual Consumption Tax on Passenger Motor Vehicles for Diplomats, etc.)

(1) Any domestic passenger motor vehicle purchased by a diplomat prescribed by Presidential Decree, who is stationed in the Republic of Korea and any similar motor vehicle purchased for business, on the recommendation by the competent Minister, by a foreign non - government assistance organization registered under the agreement, shall be exempted from the individual consumption tax.

(2) Any national who intends to take a domestic passenger motor vehicle under paragraph (1) out of the manufacturing place shall obtain approval from the head of the competent tax office, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 111 (Exemption of Individual Consumption Tax or Traffic, Energy and Environment Tax on Petroleum Products)

(1) Any of the following petroleum products shall be exempted from individual consumption tax or traffic, energy and environment tax. In such cases, petroleum products specified in subparagraph 2 shall be exempted from individual consumption tax or traffic, energy and environment tax, only if they are released from a place of manufacturing or a bonded area by not later than December 31, 2018: <Amended by Act No. 6297, Dec. 29, 2000; Act No. 7003, Dec. 30, 2003; Act No. 8138, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015 >

1. Petroleum products referred to in Article 105 (1) 2;

2. Petroleum products referred to in Article 106 (1) 1.

(2) Biodiesel mixed with fuel that may be used as an alternative to the petroleum products publicly notified by the Minister of Trade, Industry and Energy pursuant to Article 29 (2) 6 of the Petroleum and Alternative Fuel Business Act, shall be

exempted from traffic, energy and environment tax, only if it is released from a place of manufacturing or a bonded area by not later than December 31, 2011.<Newly Inserted by Act No. 8827, Dec. 31, 2007; Act No. 8852, Feb. 29, 2008; Act No. 9346, Jan. 30, 2009; Act No. 10406, Dec. 27, 2010; Act No. 11690, Mar. 23, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 111 (Exemption of Individual Consumption Tax on Petroleum Products)(1) Any of the following petroleum products shall be exempted from individual consumption tax. In such cases, petroleum products specified in subparagraph 2 shall be exempted from individual consumption tax, only if they are released from a place of manufacturing or a bonded area by not later than December 31, 2018: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

1. Petroleum products referred to in Article 105 (1) 2;
2. Petroleum products referred to in Article 106 (1) 1.

(2) Biodiesel mixed with fuel that may be used as an alternative to the petroleum products publicly notified by the Minister of Trade, Industry and Energy pursuant to Article 29 (2) 6 of the Petroleum and Alternative Fuel Business Act, shall be exempted from individual consumption tax, only if it is released from a place of manufacturing or a bonded area by not later than December 31, 2011.<Amended by Act No. 10406, Dec. 27, 2010; Act No. 11690, Mar. 23, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

<<Enforcement Date of the Part concerning the Repeal of Traffic, Energy and Environment Tax: Jan. 1, 2019>>

Article 111 - 2 (Special Cases concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)(1) Where a person who owns a motor vehicle prescribed by Presidential Decree with the engine displacement of less than 1,000 cc (hereafter in this Article, referred to as "compact motor vehicle"), among passenger cars and passengers vans defined in Article 3 of the Motor Vehicle Management Act, purchases oil provided for in paragraph (3) (hereafter in this Article, referred to as "oil"), to use it as fuel for the motor vehicle by not later than December 31, 2016, the head of the tax office having jurisdiction over the place of business of the relevant credit card company under paragraph (5) (hereafter in this Article, referred to as "head of the competent tax office"), may

refund the amount of tax as prescribed in paragraph (3) out of the traffic, energy and environment tax and individual consumption tax levied on the fuel, if the following conditions are fully satisfied: <Amended by Act No. 9131, Sep. 26, 2008; Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014>

1. Where each aggregate of passenger cars or passengers vans owned by the owner of the relevant compact motor vehicle and his/her family members living together as listed in the resident registration card, is one;
2. Where the owner of the relevant compact motor vehicle is neither a person with a disability nor a person of distinguished service to the State who is eligible for benefits from the support project under Article 3 (1) 10 - 2 of the Enforcement Decree of the Act on the Special Accounts for Energy and Resources - Related Projects.

(2) Deleted.<by Act No. 10406, Dec. 27, 2010>

(3) The following relevant amount of tax shall be refunded pursuant to paragraph (1); and the limit of annual refunds shall be prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010>

1. Gasoline or diesel defined in Article 2 (1) of the Traffic, Energy and Environment Tax Act: 250 won per liter levied as traffic, energy and environment tax;
2. Butane among petroleum gases referred to in Article 1 (2) 4 (f) of the Individual Consumption Tax Act: The full amount of individual consumption tax levied thereon.

(4) A person who intends to obtain a refund of traffic, energy and environment tax and individual consumption tax pursuant to paragraph (1) (hereafter in this Article, referred to as "eligible person"), shall get an oil purchase card for refund (hereafter in this Article, referred to as "oil purchase card for refund") issued by a credit card company defined in subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act and designated by the Commissioner of the National Tax Service (hereafter in this Article, referred to as "credit card company"), as prescribed by Presidential Decree. In such cases, the person shall hold an oil purchase card for refund issued by only one credit card company.<Amended by Act No. 9131, Sep. 26, 2008; Act No. 10406, Dec. 27, 2010>

(5) Where any eligible person to whom an oil purchase card for refund has been issued, purchases oil with such card, the credit card company may obtain a refund of

the amount of tax under paragraph (3) or a deduction from the amount of tax payable upon filing an application for a tax refund with the head of the competent tax office.

(6) Where any person to whom an oil purchase card for refund has been issued, becomes ineligible therefor, he/she shall immediately return the oil purchase card for refund to the credit card company. In such cases, the credit card company shall without delay notify the Commissioner of the National Tax Service of such fact.

(7) Where any eligible person uses oil purchased with his/her oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle, the head of the tax office having jurisdiction over his/her domicile shall collect the aggregate of the following amounts from the eligible person:

1. The amount of tax refunded for oil used for any purpose other than the fuel of the relevant motor vehicle;
2. The additional amount of tax equivalent to 40/100 of the amount of tax refunded under subparagraph 1.

(8) Where an eligible person uses oil purchased with an oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle or transfers his/her oil purchase card for refund to any other person, the Commissioner of the National Tax Service or the credit card company shall exclude him/her from the eligible persons on the date he/she or it becomes aware of such fact.

(9) Where the credit card company obtains a refund or deduction in excess of the amount of tax refundable under paragraph (3) fraudulently or other deceptively, the head of the competent tax office provided for in paragraph (5) shall collect the aggregate of the amount of tax excessively refunded, and of the additional amount of tax equivalent to 40/100 of such amount of tax excessively refunded from the credit card company.

(10) The head of the tax office having jurisdiction over the domicile of any of the following persons shall collect the aggregate of the amount of tax refunded, calculated by applying mutatis mutandis paragraph (7), and of the additional amount of tax equivalent to 40/100 of such amount of tax refunded:

1. A person who has acquired an oil purchase card for refund from an eligible person and used it;
2. A person, other than eligible persons, who had been issued an oil purchase card for refund and used it;

3. A person who has used an oil purchase card for refund even after he/she was not eligible person anymore.

(11) The Commissioner of the National Tax Service may request the related administrative agencies, etc. to provide data necessary for efficiently administering eligible persons to the relevant Commissioner or the credit card company; and the related administrative agencies, etc. so requested shall comply therewith, except in extenuating circumstances.

(12) Procedures for refund and documents to be submitted pursuant to paragraphs (1), and (3) through (11), and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 111 - 2 (Special Cases concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)(1) Where a person who owns a motor vehicle prescribed by Presidential Decree with the engine displacement of less than 1,000 cc (hereafter in this Article, referred to as "compact motor vehicle"), among passenger cars and passengers vans defined in Article 3 of the Motor Vehicle Management Act, purchases oil provided for in paragraph (3) (hereafter in this Article, referred to as "oil"), to use it as fuel for the motor vehicle by not later than December 31, 2018, the head of the tax office having jurisdiction over the place of business of the relevant credit card company under paragraph (5) (hereafter in this Article, referred to as "head of the competent tax office"), may refund the amount of tax as prescribed in paragraph (3) out of the traffic, energy and environment tax and individual consumption tax levied on the fuel, if the following conditions are fully satisfied: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>

1. Where each aggregate of passenger cars or passengers vans owned by the owner of the relevant compact motor vehicle and his/her family members living together as listed in the resident registration card, is one;
2. Where the owner of the relevant compact motor vehicle is neither a person with a disability nor a person of distinguished service to the State who is eligible for benefits from the support project under Article 3 (1) 10 - 2 of the Enforcement Decree of the Act on the Special Accounts for Energy and Resources - Related

Projects.

(2) Deleted. <by Act No. 10406, Dec. 27, 2010>

(3) The following relevant amount of tax shall be refunded pursuant to paragraph (1); and the limit of annual refunds shall be prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010>

1. Gasoline and diesel referred to in Article 1 (2) 4 (a) and (b) of the Individual Consumption Tax Act: 250 won per liter levied as individual consumption tax;
2. Butane among petroleum gases referred to in Article 1 (2) 4 (f) of the Individual Consumption Tax Act: The full amount of individual consumption tax levied thereon.

(4) A person who intends to obtain a refund of individual consumption tax pursuant to paragraph (1) (hereafter in this Article, referred to as "eligible person"), shall get an oil purchase card for refund (hereafter in this Article, referred to as "oil purchase card for refund") issued by a credit card company defined in subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act and designated by the Commissioner of the National Tax Service (hereafter in this Article, referred to as "credit card company"), as prescribed by Presidential Decree. In such cases, the person shall hold an oil purchase card for refund issued by only one credit card company. <Amended by Act No. 10406, Dec. 27, 2010>

(5) Where any eligible person to whom an oil purchase card for refund has been issued, purchases oil with such card, the credit card company may obtain a refund of the amount of tax under paragraph (3) or a deduction from the amount of tax payable upon filing an application for a tax refund with the head of the competent tax office.

(6) Where any person to whom an oil purchase card for refund has been issued, becomes ineligible therefor, he/she shall immediately return the oil purchase card for refund to the credit card company. In such cases, the credit card company shall without delay notify the Commissioner of the National Tax Service of such fact.

(7) Where any eligible person uses oil purchased with his/her oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle, the head of the tax office having jurisdiction over his/her domicile shall collect the aggregate of the following amounts from the eligible person:

1. The amount of tax refunded for oil used for any purpose other than the fuel of the relevant motor vehicle;

2. The additional amount of tax equivalent to 40/100 of the amount of tax refunded under subparagraph 1.

(8) Where an eligible person uses oil purchased with an oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle or transfers his/her oil purchase card for refund to any other person, the Commissioner of the National Tax Service or the credit card company shall exclude him/her from the eligible persons on the date he/she or it becomes aware of such fact.

(9) Where the credit card company obtains a refund or deduction in excess of the amount of tax refundable under paragraph (3) fraudulently or deceptively, the head of the competent tax office provided for in paragraph (5) shall collect the aggregate of the amount of tax excessively refunded, and of the additional amount of tax equivalent to 40/100 of such amount of tax excessively refunded from the credit card company.

(10) The head of the tax office having jurisdiction over the domicile of any of the following persons shall collect the aggregate of the amount of tax refunded, calculated by applying mutatis mutandis paragraph (7), and of the additional amount of tax equivalent to 40/100 of such amount of tax refunded:

1. A person who has acquired an oil purchase card for refund from an eligible person and used it;
2. A person, other than eligible persons, who had been issued an oil purchase card for refund and used it;
3. A person who has used an oil purchase card for refund even after he/she was not eligible person anymore.

(11) The Commissioner of the National Tax Service may request the related administrative agencies, etc. to provide data necessary for efficiently administering eligible persons to the relevant Commissioner or the credit card company; and the related administrative agencies, etc. so requested shall comply therewith, except in extenuating circumstances.

(12) Procedures for refund and documents to be submitted pursuant to paragraphs (1), and (3) through (11), and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

<<Enforcement Date of the Part concerning the Repeal of Traffic, Energy and Environment Tax: Jan. 1, 2019>>

- Article 111 - 3 (Reduction of, or Exemption from, Individual Consumption Tax, etc. on Taxi Fuel)**(1) Butane supplied to motor vehicles (hereafter referred to as "LPG" in this Article) for general taxicab business or private taxicab business under Article 3 (2) of the Passenger Transport Service Act and subparagraph 2 (c) and (d) of Article 3 of the Enforcement Decree of the Passenger Transport Service Act by not later than December 31, 2018, among petroleum gases referred to in Article 1 (2) 4 (f) of the Individual Consumption Tax Act, is exempt from individual consumption tax by 40 won per kilogram, out of the aggregate of individual consumption tax and education tax per kilogram. <Amended by Act No. 10285, May 14, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>
- (2) A general taxicab business operator and a private taxicab business operator (hereafter in this Article referred to as "taxicab business operator") who intend to obtain an individual consumption tax and education tax reduction pursuant to paragraph (1) shall get an oil purchase card for tax exemption (hereafter in this Article referred to as "tax - free oil purchase card for a taxi") issued by a credit card company defined in subparagraph 2 - 2 of Article 2 of the Specialized Credit Finance Business Act and designated by the Commissioner of the National Tax Service (hereafter in this Article referred to as "credit card company"), as prescribed by Presidential Decree.<Amended by Act No. 10406, Dec. 27, 2010>
- (3) Where any taxicab business operator who holds a tax - free oil purchase card for a taxi purchases LPG with the relevant card, the credit card company may receive the refund of the tax amount reduced or exempted under paragraph (1) or the deduction from the payable tax amount by submitting an application for refund of exempted tax amount for the relevant LPG to the head of the competent tax office.<Amended by Act No. 10406, Dec. 27, 2010>
- (4) Where a person who holds got a tax - free oil purchase card for a taxi ceases to be a taxicab business operator, the person shall immediately return the tax - free oil purchase card for a taxi to the credit card company. In such cases, the credit card company shall without delay notify the Commissioner of the National Tax Service of such fact.

(5) Where a taxicab business operator uses LPG purchased with his/her tax - free oil purchase card for a taxi for other purpose than the taxicab business, the head of the tax office having jurisdiction over his/her domicile shall collect the aggregate of the following amounts from the taxicab business operator: <Amended by Act No. 10406, Dec. 27, 2010>

1. The tax amount reduced or exempted for LPG used for other purpose than the taxicab business;
2. The additional tax amount equivalent to 40/100 of the tax amount reduced or exempted under subparagraph 1.

(6) Where a taxicab business operator uses LPG purchased with a tax - free oil purchase card for a taxi for other purpose than the taxicab business or transfers his/her tax - free oil purchase card for a taxi to any third person, the Commissioner of the National Tax Service or the credit card company shall exclude him/her from the list of persons eligible to get a tax - free oil purchase card for a taxi from the date he/she or it becomes aware of such fact.

(7) Where a credit card company receives an excess refund of tax reduction or exemption under paragraph (1) or excess tax deductions by false or other unlawful means, the head of the competent tax office under paragraph (3) shall collect the aggregate of the amount of excessively refunded tax and the amount of additional tax equivalent to 40/100 of such amount of excessively refunded tax from the credit card company. <Amended by Act No. 10406, Dec. 27, 2010>

(8) The head of the tax office having jurisdiction over the domicile of any of the following persons shall collect the aggregate of the amount of reduced or exempted tax calculated by applying mutatis mutandis paragraph (5) and the additional tax equivalent to 40/100 of such amount of reduced or exempted tax: <Amended by Act No. 10406, Dec. 27, 2010>

1. A person who uses a tax - free oil purchase card for a taxi acquired from a taxicab business operator;
2. A person, other than taxicab business operators, who is issued and uses a tax - free oil purchase card for a taxi;
3. A person who has a tax - free oil purchase card for a taxi issued, keeps using the card after he/she has ceased to be a taxicab business operator.

(9) The Commissioner of the National Tax Service may request the related administrative agencies, etc. to offer data necessary for the efficient administration of taxicab businessmen to the Commissioner or the credit card company, and the related administrative agencies, etc. so requested shall comply with such request except in extenuating circumstances.

(10) Procedures for refund and documents to be submitted pursuant to paragraphs (1) through (9) and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 111 - 4 (Special Cases concerning Refund of Individual Consumption Tax, etc.

on Fuel of Motor Vehicles for Diplomats, etc.)(1) Where a foreign diplomatic mission, foreign diplomat, etc. in the Republic of Korea prescribed by Presidential Decree (hereafter referred to as "persons eligible for refund" in this Article) purchases petroleum products for use in a motor vehicle of a person eligible for refund by using an oil purchase card prescribed in paragraph (2), a credit card company under paragraph (2) may obtain a refund of the amounts of individual consumption tax imposed on the relevant petroleum products, traffic, energy and environment tax, education tax and motor vehicle tax and value - added tax pertaining to the operation of a motor vehicle or have them deducted from the tax amount to be refunded or paid by filing an application for the refund of the tax amount, as prescribed by Presidential Decree. In such cases, the tax exemption under Article 16 (1) 3 of the Individual Consumption Tax Act or Article 14 (1) of the Traffic, Energy and Environment Tax Act or the zero tax rate under Article 24 (1) of the Value - Added Tax Act shall not apply to the relevant petroleum products. <Amended by Act No. 11873, Jun. 7, 2013 >

(2) A person eligible for refund under paragraph (1) shall get an oil purchase card for refund (hereafter referred to as "oil purchase card" in this Article) issued by the credit card company as defined in subparagraph 2 - 2 of the Article 2 of the Specialized Credit Finance Business Act that is designated by the Commissioner of the National Tax Service (hereafter referred to as "credit card business operator" in this Article), as prescribed by Presidential Decree.

(3) The amount of the refunded tax shall be collected from any of the following persons, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 2, the additional tax in the amount equivalent to 40 percent of the amount of the refunded tax shall be collected in addition to the refunded tax:

1. Where a person eligible for refund uses the petroleum products purchased with an oil purchase card for any purpose other than the fuel of the his/her motor vehicle;
2. Where a person who is not the one eligible for refund purchases petroleum products by being issued or transferred an oil purchase card.

(4) Where a credit card company receives an excess tax refund under paragraph (1) or has the tax amount excessively deducted by false or other illegal means, the head of the tax office having jurisdiction over the place of business of such credit card company shall collect an additional tax in the amount equivalent to 40 percent of the excess tax refund or deduction in addition to such excess tax refund or deduction.

(5) The Commissioner of the National Tax Service may request relevant administrative agencies, etc. to provide necessary data for the efficient management of persons eligible for refund to the Commissioner of the National Tax Service or credit card companies, and the relevant administrative agencies, etc. so requested shall comply with it unless any justifiable reason exists.

(6) The procedure for refund, documents to be submitted and other necessary matters when applying paragraphs (1) through (5) shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 112 Deleted. <by Act No. 10406, Dec. 27, 2010>

Article 112 - 2 Deleted. <by Act No. 10406, Dec. 27, 2010>

Article 113 (Procedures, etc. for Reducing or Exempting Individual Consumption Tax and Traffic, Energy and Environment Tax)(1) If any of the petroleum products specified in Article 106 - 2 (1) 2 or any of the goods specified in Articles 110 and 111, is not used for its original purpose or is transferred to any third person within five years (or three years if a diplomat purchases a passenger care made by a domestic manufacturer defined in Article 110) from the date of importation into the Republic of Korea as tax - free goods (including tax reduced or exempt goods;

hereafter in this Article, referred to as "tax exemption"), the amount of tax exempted shall be collected: Provided, That the amount of tax exempted shall not be collected if a diplomat who has purchased a passenger car made by a domestic manufacturer defined in Article 110, leaves his/her post and departs from the Republic of Korea, or in exceptional situations prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014 >

(2) If petroleum products subject to individual consumption tax or traffic, energy and environment tax, become eligible for tax exemptions under Article 106 - 2 (1) 1 (excluding where the tax is refunded or deducted under Article 106 - 2 (2)), 106 - 2 (1) 2, or 111, the relevant amount of tax exempted may be refunded or deducted from the amount of tax to be paid or collected.<Amended by Act No. 6297, Dec. 29, 2000; Act No. 8138, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 11614, Jan. 1, 2013 >

(3) The Individual Consumption Tax Act or the Traffic, Energy and Environment Tax Act shall apply mutatis mutandis, depending on the relevant goods, to the procedures for exemption from individual consumption tax or traffic, energy and environment tax under Articles 106 - 2 (1) 1 (excluding where the tax is refunded or deducted under Article 106 - 2 (2)), 106 - 2 (1) 2, 110, and 111 (including dispositions where the procedures for tax exemption are not complied with), to the procedures for collecting an amount of tax under paragraph (1), and to the procedure for a refund or tax credit under paragraph (2).<Amended by Act No. 5996, Aug. 31, 1999; Act No. 6045, Dec. 28, 1999; Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act No. 8138, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9272, Dec. 26, 2008; Act No. 11614, Jan. 1, 2013 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 113 (Procedures, etc. for Reducing or Exempting Individual Consumption Tax)

(1) If any of the petroleum products specified in Article 106 - 2 (1) 2 or any of the goods specified in Articles 110 and 111, is not used for its original purpose or is transferred to any third person within five years (or three years if a diplomat purchases a passenger car made by a domestic manufacturer defined in Article 110) from the date of importation into the Republic of Korea as tax - free goods (including tax reduced or exempt goods; hereafter in this Article, referred to as "tax exemption"), the amount of tax exempted shall be collected: Provided, That the amount of tax exempted shall not be collected if a diplomat who has purchased a

passenger car made by a domestic manufacturer defined in Article 110, leaves his/her post and departs from the Republic of Korea, or in exceptional situations prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

(2) If petroleum products subject to individual consumption tax, become eligible for tax exemptions under Article 106 - 2 (1) 1 (excluding where the tax is refunded or deducted under Article 106 - 2 (2)), 106 - 2 (1) 2, or 111, the relevant amount of tax exempted may be refunded or deducted from the amount of tax to be paid or collected.<Amended by Act No. 11614, Jan. 1, 2013>

(3) The Individual Consumption Tax Act shall apply mutatis mutandis, depending on the relevant goods, to the procedures for exemption from individual consumption tax under Articles 106 - 2 (1) 1 (excluding where the tax is refunded or deducted under Article 106 - 2 (2)), 106 - 2 (1) 2, 110, and 111 (including dispositions where the procedures for tax exemption are not complied with), to the procedures for collecting an amount of tax under paragraph (1), and to the procedure for a refund or tax credit under paragraph (2).<Amended by Act No. 11614, Jan. 1, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

<<Enforcement Date of the Part concerning the Repeal of Traffic, Energy and Environment Tax: Jan. 1, 2019>>

Article 113 - 2 (Integrated Management of Supply of Tax - Free Petroleum, etc.)(1) For the integrated management of details of supply, etc. of the following petroleum products (referring to petroleum and petroleum products under the Petroleum and Alternative Fuel Business Act; hereafter in this Article, referred to as "tax - free petroleum, etc."), the Commissioner of the National Tax Service shall construct a computerized system:

1. Petroleum products prescribed in Article 106 - 2 (1);
2. Petroleum products prescribed in Article 111 (1);
3. Petroleum products used for motor vehicles, prescribed in Article 16 (1) 3 of the Individual Consumption Tax Act and Article 14 (1) of the Traffic, Energy and Environment Tax Act;
4. Petroleum products used for vessels in international navigation or deep - sea fishery vessels, prescribed in Article 18 (1) 9 of the Individual Consumption Tax Act and Article 15 (1) 3 of the Traffic, Energy and Environment Tax Act.

(2) If necessary for constructing and operating a computerized system under paragraph (1), the Commissioner of the National Tax Service may request the institutions, organizations, etc. prescribed by Presidential Decree to provide information or data prescribed by Presidential Decree, such as details of supply, etc. of tax - free petroleum, etc. In such cases, an institution, etc. in receipt of such request shall comply therewith, except in extenuating circumstances.

(3) Methods for submitting information or data under paragraph (2); frequency of such submission; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 114 (Exemption from Individual Consumption Tax and Liquor Tax on Goods Sold to Military Personnel, etc.)

(1) Goods (limited to those manufactured domestically) sold to the military personnel, military civilian employees, and awardees of the order of military merit Taegeuk and Ulji, who are prescribed by Presidential Decree, at stores operated directly by the military authorities, shall be exempted from the individual consumption tax and the liquor tax.

(2) The Minister of National Defense shall determine the ceiling of tax exemption by item every year in consultation with the Minister of Strategy and Finance no later than December 31 of the preceding year.

(3) Any goods exempted from tax under paragraph (1) shall bear the marking that they are tax - free goods on themselves or their packages and containers under the conditions as stipulated by the Commissioner of the National Tax Service.

(4) An amount equivalent to the amount of liquor tax on liquors to be used as raw materials for manufacturing the liquors that are exempted from taxes under paragraph (1), shall be refunded or deducted, but Article 35 (3) of the Liquor Tax Act shall apply mutatis mutandis thereto.

(5) Matters necessary for the scope of goods subject to tax exemption, procedures for tax exemption, and collection thereof under paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 115 (Exemption from Liquor Tax)(1) Any liquor which a person operating an entertainment restaurant exclusive for foreign military personnel stationed in Korea

and foreign seafarers, from among the tourist - use facility businesses under the Tourism Promotion Act, provides at the relevant restaurant, shall be exempted from the liquor tax.

(2) An amount equivalent to the amount of liquor tax on liquors to be used as raw materials for manufacturing the liquors exempted from taxes under paragraph (1) shall be refunded or deducted, but Article 35 (3) of the Liquor Tax Act shall apply mutatis mutandis thereto.

(3) Article 31 of the Liquor Tax Act shall apply mutatis mutandis to the procedures for exempting the liquor tax under paragraph (1).

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 116 (Exemption from Stamp Tax)(1) Stamp tax shall be exempted on the following documents: <Amended by Act No. 6045, Dec. 28, 1999; Act No. 6273, Oct. 21, 2000; Act No. 6297, Dec. 29, 2000; Act No. 6538, Dec. 29, 2001; Act Nos. 7311 & 7322, Dec. 31, 2004; Act No. 7775, Dec. 29, 2005; Act No. 8146, Dec. 30, 2006; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 10890, Jul. 21, 2011; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 14198, May 29, 2016>

1. through 4. Deleted;<by Act No. 6538, Dec. 29, 2001>

5. Deeds for loans for consumption or agreements on bills executed by the respective copartners (including the members or members of village cooperatives) of credit associations incorporated under the Credit Unions Act; community credit cooperatives incorporated under the Community Credit Cooperatives Act; agricultural cooperatives incorporated under the Agricultural Cooperatives Act; cooperative associations and fishing village cooperatives incorporated under the Fisheries Cooperatives Act; tobacco producers cooperative associations incorporated under the Tobacco Producers Cooperatives Act; and forestry cooperatives incorporated under the Forestry Cooperatives Act, to obtain loans from the relevant cooperatives (including fishing village cooperatives) or their Federations (including the NongHyup Bank incorporated under the Agricultural Cooperatives Act): Provided, That the same shall not apply where the total amount of loans to the same person exceeds 50 million won;

6. Children's deposit passbooks, and copartners' deposit or installment savings certificates, and passbooks (including the members of fishing village cooperatives under the Fisheries Cooperatives Act) prepared by credit associations incorporated under the Credit Unions Act; community credit cooperatives incorporated under the Community Credit Cooperatives Act; agricultural cooperatives incorporated under the Agricultural Cooperatives Act; cooperative associations and fishing village cooperatives incorporated under the Fisheries Cooperatives Act; tobacco producers cooperative associations incorporated under the Tobacco Producers Cooperatives Act; and forestry cooperatives incorporated under the Forestry Cooperatives Act;
7. Certificates or documents attesting the establishment, transfer, alteration, or termination of property rights, in relation to agricultural and fishing villages rearrangement projects implemented pursuant to the Rearrangement of Agricultural and Fishing Villages Act; farmland bank projects, such as the sale and purchase, lease, exchange, division, and consolidation of farmland implemented pursuant to Article 10 (1) of the Korea Rural Community Corporation and Farmland Management Fund Act; agricultural and fishing villages settlement zone projects implemented pursuant to the Act on the Special Measures for Development of Agricultural and Fishing Villages; projects for expanding the scale of farming and fish farming, such as purchase and lease of farmland supported pursuant to Article 5 of the Special Act on Assistance to Farmers, Fishers, etc. Following the Conclusion of Free Trade Agreements;
8. Deleted; <by Act No. 6538, Dec. 29, 2001 >
9. Documents prepared to obtain rural community housing improvement loans, or to purchase housing construction materials on credit from agricultural cooperatives incorporated under the Agricultural Cooperatives Act;
10. Deleted; <by Act No. 6538, Dec. 29, 2001 >
11. Documents prepared in connection with farmland development projects implemented under the Public Waters Reclamation Act;
12. through 14. Deleted; <by Act No. 6538, Dec. 29, 2001 >
15. Deleted; <by Act No. 7003, Dec. 30, 2003 >
16. Deleted; <by Act No. 6538, Dec. 29, 2001 >
17. Deleted; <by Act No. 6297, Dec. 29, 2000 >

18. Deleted;<by Act No. 7003, Dec. 30, 2003>
 19. Certificates, passbooks, contracts, etc. prepared by a business starter under the Support for Small and Medium Enterprise Establishment Act (limited to those who starts a type of business prescribed under Article 3 of the same Act), to obtain loans for the relevant business from a financial institution prescribed by Presidential Decree within two years from the date of business start - up;
 20. and 21. Deleted;<by Act No. 11614, Jan. 1, 2013>
 22. Deleted;<by Act No. 12853, Dec. 23, 2014>
 23. Deleted;<by Act No. 13560, Dec. 15, 2015>
 24. Deleted;<by Act No. 11614, Jan. 1, 2013>
 25. Deleted;<by Act No. 12173, Jan. 1, 2014>
 26. Documents prepared by the Organizing Committee for the 2010 Formula 1 Korean Grand Prix;
 27. Deleted;<by Act No. 12173, Jan. 1, 2014>
 28. Documents prepared by the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games;
 29. and 30. Deleted.<by Act No. 13560, Dec. 15, 2015>
- (2) The following provisions shall apply to the time limit by which stamp tax is exempted on the documents listed under paragraph (1):<Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>
1. Deleted;<by Act No. 12173, Jan. 1, 2014>
 2. Deleted;<by Act No. 12853, Dec. 23, 2014>
 3. Subparagraphs 5 through 7, 9, 11, 19, and 28 shall apply only to taxable documents prepared by not later than December 31, 2018;
 4. Subparagraph 26 shall apply only to taxable documents prepared by not later than December 31, 2016;
 5. Deleted.<by Act No. 13560, Dec. 15, 2015>

Article 117 (Exemption from Securities Transaction Tax)(1) No securities transaction tax shall be levied where: <Amended by Act No. 5996, Aug. 31, 1999; Act No. 6045, Dec. 28, 1999; Act No. 6073, Dec. 31, 1999; Act No. 6273, Oct. 21, 2000; Act No. 6480, May 24, 2001; Act No. 6538, Dec. 29, 2001; Act No. 6762, Dec. 11, 2002; Act No. 7003, Dec. 30, 2003; Act No. 7322, Dec. 31, 2004; Act No. 7577, Jul. 13, 2005;

Act No. 8146, Dec. 30, 2006; Act No. 8852, Feb. 29, 2008; Act No. 9272, Dec. 26, 2008; Act No. 9671, May 21, 2009; Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 10682, May 19, 2011; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 11845, May 28, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12663, May 21, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13448, Jul. 24, 2015; Act No. 13560, Dec. 15, 2015; Act No. 13613, Dec. 22, 2015; Act No. 14390, Dec. 20, 2016>

1. A small or medium enterprise start - up investment company, an accelerator, or a small or medium enterprise start - up investment fund, transfers stocks or equity shares acquired by making direct investments in a business starter or a venture business;
2. A new technology venture capitalist or a new technology venture capital fund, transfers stocks or equity shares acquired by making direct investments in a new technology business entity;
- 2 - 2. An agriculture and food investment fund transfers stocks or equity shares acquired by making direct investments in a business starter or a venture business;
- 2 - 3. The Korea Venture Fund transfers stocks or equity shares acquired by making direct investments in a business starter or a venture business;
- 2 - 4. A small or medium enterprise start - up investment company, a new technology venture capitalist, an accelerator, an investment fund referred to in subparagraph 1, 2, 2 - 2 or 2 - 3, or a private equity fund referred to in subparagraph 4, transfers stocks or equity shares acquired by making direct investments in a KONEX - listed corporation (limited to a small or medium enterprise for which two years have not passed after getting its stocks listed);
- 2 - 5. A person prescribed by Presidential Decree, among financial investment business entities defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act, transfers any of the following stocks to create the derivatives market defined in Article 8 - 2 (4) 2 of the same Act, as prescribed by Presidential Decree: Provided, That this shall be limited to those cases prescribed by Presidential Decree, such as where a person transfers stock certificates to hedge risks that may be caused by the fluctuation of prices of derivatives:
 - (a) In cases of derivatives whose underlying asset is a stock price index: Stock certificates comprising the stock price index that constitutes the underlying asset

of the relevant derivatives;

(b) In cases of derivatives other than those specified in item (a): Stock certificates that constitute the underlying asset of the relevant derivatives.

3. A person prescribed by Presidential Decree, among financial investment entities defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act, transfers stocks to create the securities market defined in Article 8 - 2 (4) 1 of the same Act, as prescribed by Presidential Decree;
4. A private equity fund specializing in business start - ups and venture businesses, transfers stocks or equity shares acquired by making direct investments in a business starter or a venture business;
5. The agency in overall charge of postal services defined in subparagraph 2 of Article 2 of the Act on Special Cases concerning the Management of Postal Services, transfers stocks constituting underlying assets, as prescribed by Presidential Decree, in connection with transactions of derivatives for the purpose of making profits from differences in the prices of the derivatives prescribed by Presidential Decree (hereafter in this subparagraph, referred to as "derivatives"), among exchange - traded derivatives defined in Article 5 (2) 1 of the Financial Investment Services and Capital Markets Act, and the stocks constituting underlying assets of the relevant derivatives (referring to stocks constituting the relevant index, if the underlying asset of the relevant derivatives is a stock price index; hereafter in this subparagraph, the same shall apply);
6. A foreign corporation incorporated for investing in stocks, transfers stocks that it has acquired with permission, etc. from the Minister of Strategy and Finance to invest in stocks in Korea pursuant to the Foreign Exchange Transactions Act or the Financial Investment Services and Capital Markets Act, through a securities market (hereafter in this Article, referred to as "securities market") under the Financial Investment Services and Capital Markets Act or an alternative trading system under Article 78 of the same Act (hereafter in this Article, referred to as "alternative trading system");
7. An insolvent financial institution, an insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Structural Improvement of Agricultural Cooperatives, or a potentially insolvent cooperative defined in subparagraph 4 of Article 2 of the same Act (hereinafter referred to as "insolvent agricultural

cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure (including timely corrective measures prescribed under Article 4 of the Act on the Structural Improvement of Agricultural Cooperatives; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, or where a financial institution, or cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of the Act on the Structural Improvement of Agricultural Cooperatives, re - transfers the stocks or equity shares it has acquired by such transfer;

7 - 2. An insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Structural Improvement of Fisheries Cooperatives or a potentially insolvent cooperative defined in subparagraph 4 of Article 2 of the same Act (hereinafter referred to as "insolvent fisheries cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure (including timely corrective measures prescribed under Article 4 of the same Act; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, or where a cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of the same Act, re - transfers the stocks or equity shares it has acquired by such transfer;

7 - 3. An insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Structural Improvement of Forestry Cooperatives or a potentially insolvent cooperative defined in subparagraph 4 of the same Article (hereinafter referred to as "insolvent forestry cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure (including timely corrective measures prescribed under Article 4 of the same Act; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, and where a cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of the same Act, re - transfers the stocks or equity shares it has acquired from such insolvent forestry cooperative according to the timely corrective measure or the decision to transfer a contract;

8. The Korea Deposit Insurance Corporation or a finance company for liquidation referred to in Article 36 - 3 of the Depositor Protection Act (hereinafter referred to as "finance company for liquidation"), transfers stocks or equity shares acquired upon converting non - performing loans underwritten from any of the following

finance companies into equities, or acquired directly from such finance companies, to perform the liquidation of an insolvent finance company pursuant to Article 18 (1) 6 or 36 - 5 (1) of the Depositor Protection Act:

- (a) An insolvent finance company defined in subparagraph 5 of Article 2 of the Depositor Protection Act;
- (b) A potentially insolvent finance company defined in subparagraph 6 of Article 2 of the Depositor Protection Act;
- (c) A finance company provided with financial assistance under Article 38 of the Depositor Protection Act;

9. The Korea Asset Management Corporation incorporated under the Act on the Efficient Disposal of Non - Performing Assets, etc. of Financial Companies and the Establishment of Korea Asset Management Corporation (hereinafter referred to as the "Korea Asset Management Corporation"), transfers stocks or equity shares acquired upon converting non - performance loans underwritten from an insolvent financial institution into equities, or acquired directly from such insolvent financial institution, to perform the liquidation of the insolvent financial institution;

10. Deleted; <by Act No. 9921, Jan. 1, 2010 >

11. and 12. Deleted; <by Act No. 8146, Dec. 30, 2006 >

13. Stocks are transferred under Article 46 (1);

14. Stocks are transferred for the purposes of incorporating a new corporation under Article 47 - 2 of the Corporate Tax Act, a merger meeting the requirements provided for in the subparagraphs of Article 44 (2) or paragraph (3) of the same Act, a division meeting the requirements provided for in the subparagraphs of Article 46 (2) or Article 47 (1) of the same Act, all - inclusive transfer of assets fully meeting the conditions provided for in the subparagraphs of Article 37 (1), or all - inclusive exchange and transfer of stocks fully meeting the conditions provided for in the subparagraphs of Article 38 (1);

15. Deleted; <by Act No. 9921, Jan. 1, 2010 >

16. A stockholder of a financial institution, etc., a stockholder of a financial institution defined in Article 2 (1) 1 of the Financial Holding Companies Act, a company closely related to the conduct of finance business, or a financial holding company defined in the same Act (hereinafter referred to as "financial holding company"), transfers or exchanges stocks pursuant to Article 38 - 2;

17. Deleted; <by Act No. 8146, Dec. 30, 2006 >
18. Deleted; <by Act No. 9921, Jan. 1, 2010 >
19. The Mutual Financing Depositors Protection Fund, and the Agricultural Cooperatives ' Asset Management Company incorporated under the Act on the Structural Improvement of Agricultural Cooperatives, transfer stocks or equity shares acquired upon converting non - performance loans underwritten from an insolvent agricultural cooperative into equities, or acquired directly from such insolvent agricultural cooperative, to perform the liquidation of the insolvent agricultural cooperative;
- 19 - 2. The Mutual Financing Depositors Protection Fund established under the Act on the Structural Improvement of Fisheries Cooperatives, transfers stocks or equity shares acquired upon converting non - performance loans underwritten from an insolvent fisheries cooperative into equities, or acquired directly from such insolvent fisheries cooperative, to perform the liquidation of the insolvent fisheries cooperative;
- 19 - 3. The Mutual Financing Depositors Protection Fund established under the Act on the Structural Improvement of Forestry Cooperatives, transfers stocks or equity shares acquired upon converting non - performance loans underwritten from an insolvent forestry cooperative into equities, or acquired directly from such insolvent forestry cooperative, to perform the liquidation of the insolvent forestry cooperative;
20. Deleted; <by Act No. 12853, Dec. 23, 2014 >
21. Stocks are transferred through a securities market or alternative trading system to reflect changes in the components of an index that an exchange - traded fund referred to in Article 234 (1) of the Financial Investment Services and Capital Markets Act is tracking;
22. The NongHyup Financial Group incorporated under the Agricultural Cooperatives Act, transfers stocks or equity shares invested in kind by the Korea Development Bank incorporated under the Korea Development Bank Act to its subsidiary, such as the NongHyup Bank, pursuant to Article 3 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522);
23. A private equity fund for stabilizing corporate financing provided for in Article 249 - 22 (1) of the Financial Investment Services and Capital Markets Act, invests

stocks or equity shares acquired by directly investing in, or contributing to, a company prescribed by Presidential Decree, among companies engaging in financial restructuring under the same paragraph;

24. Stocks or equity shares are transferred under Article 121 - 30 (1).

(2) Paragraph (1) shall apply only to stocks or equity shares traded by transfer, withdrawal, incorporation, investment in kind, transfer, or exchange by not later than the following relevant deadline: <Amended by Act No. 5996, Aug. 31, 1999; Act No. 6045, Dec. 28, 1999; Act No. 6273, Oct. 21, 2000; Act No. 6297, Dec. 29, 2000; Act No. 6480, May 24, 2001; Act No. 6538, Dec. 29, 2001; Act No. 7003, Dec. 30, 2003; Act No. 7839, Dec. 31, 2005; Act No. 8146, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. Paragraph (1) 1, 2, 2 - 2 through 2 - 4, 2 - 5 (b), and 4: December 31, 2017;

2. Paragraph (1) 2 - 5 (a), 3, 5, 16, 23, and 24: December 31, 2018;

3. Deleted; <by Act No. 14390, Dec. 20, 2016 >

4. Deleted. <by Act No. 9921, Jan. 1, 2010 >

(3) Deleted. <by Act No. 11133, Dec. 31, 2011 >

(4) Any person who intends to be granted a tax exemption pursuant to paragraph (1), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 9921, Jan. 1, 2010 >

Article 118 (Reduction of Customs Duties) (1) Customs duties may be reduced for any of the following articles, if it is impracticable to produce such articles in the Republic of Korea: <Amended by Act No. 6045, Dec. 28, 1999; Act No. 6297, Dec. 29, 2000; Act No. 6501, Aug. 14, 2001; Act No. 6538, Dec. 29, 2001; Act No. 7003, Dec. 30, 2003; Act No. 7284, Dec. 31, 2004; Act No. 7839, Dec. 31, 2005; Act No. 8146, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9272, Dec. 26, 2008; Act No. 9921, Jan. 1, 2010; Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11241, Jan. 26, 2012; Act No. 11614, Jan. 1, 2013; Act No. 11965, Jul. 30, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14198, May 29, 2016 >

1. Deleted; <by Act No. 12173, Jan. 1, 2014 >

2. Deleted; <by Act No. 6538, Dec. 29, 2001 >
3. Machines and materials (including machines and tools used for manufacturing such machines and materials) imported by a small or medium enterprise by not later than December 31, 2017, to produce and use new energy and renewable energy defined in subparagraphs 1 and 2 of Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy, or to improve conditions of connections of electric systems;
4. and 5. Deleted; <by Act No. 7003, Dec. 30, 2003 >
6. and 7. Deleted; <by Act No. 6538, Dec. 29, 2001 >
8. and 9. Deleted; <by Act No. 7003, Dec. 30, 2003 >
10. and 11. Deleted; <by Act No. 11614, Jan. 1, 2013 >
12. Deleted; <by Act No. 11133, Dec. 31, 2011 >
13. Deleted; <by Act No. 13560, Dec. 15, 2015 >
14. Articles imported by 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 17th 2014 Incheon Asian Games, and the 2015 Gwangju Summer Universiade, the relevant local government, or constructors of facilities related to the same Games, to manufacture and construct facilities related to the Games, or to manage the Games under Article 2 of the same Act (including machines and materials for scientific training of athletes participating in the same Games);
15. Deleted; <by Act No. 11614, Jan. 1, 2013 >
16. Deleted; <by Act No. 12173, Jan. 1, 2014 >
17. Articles imported by the Organizing Committee for the 2010 Formula 1 Korean Grand Prix established under the Act on Assistance to the 2010 Formula 1 Korean Grand Prix, the relevant local government, or constructors of facilities related to the same Games, to manage the Games, or to manufacture and construct facilities related to the Games under Article 18 (1) of the same Act;
18. Deleted; <by Act No. 12173, Jan. 1, 2014 >
19. Articles imported by 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, the relevant local government, or constructors of facilities related to the same

Games, to manufacture and construct facilities related to the Games, or to manage the Games under Article 2 of the same Act (including machines and materials for scientific training of athletes participating in the same Games);

20. Articles imported by the Organizing Committee for the 2015 Gyeongbuk Mungyeong Military World Games established under Article 2 of the Act on Assistance to the 2015 Military World Games Korea, the relevant local government, or constructors of facilities related to the same Games, to manufacture and construct facilities related to the Games, or to manage the Games (including machines and materials for scientific training of athletes participating in the same Games).

(2) Articles eligible for the reduction of customs duties under paragraph (1), and the reduction rates thereof, shall be determined by Ordinance of the Ministry of Strategy and Finance. <Amended by Act No. 9921, Jan. 1, 2010>

(3) Where any article, customs duties on which were reduced under paragraph (1), is used for any purpose other than those specified under paragraph (1) during the period set by the Commissioner of the Korea Customs Service within three years from the date of acceptance of its import declaration (including where such article has not been used for the relevant purposes throughout the period set by the Commissioner of the Korea Customs Service), or where such article is transferred to a person who is to use it for any purpose other than the original purposes, the customs duties reduced shall be collected immediately from such person who used it for other purposes or the transferor; however, if such customs duties are uncollectible from the transferor, they shall be collected immediately from the transferee: Provided, That the same shall not apply where such article was destroyed due to a natural disaster or extenuating circumstances, or with prior approval from the director of the customhouse. <Amended by Act No. 9921, Jan. 1, 2010>

(4) The proviso to Article 103 (1) of the Customs Act shall not apply where customs duties are collected as prescribed in paragraph (3). <Amended by Act No. 9921, Jan. 1, 2010>

Article 118 - 2 (Reduction or Exemption of Customs Duties for Overseas Korean

Enterprises on their Return to Korea)(1) Where a person prescribed by Presidential Decree, including a Korean national referred to in Article 104 - 24 (1), files an import

declaration on capital goods prescribed by Presidential Decree by not later than December 31, 2018 to commence a business, to establish a new place of business, or to enlarge the existing place of business in the Republic of Korea, fully meeting the following conditions, such capital goods are eligible for customs duties reductions or exemptions as prescribed in paragraph (2): <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. The person ' s business entity shall be a small or medium enterprise or a middle - standing enterprise prescribed by Presidential Decree that relocates or returns to the Republic of Korea pursuant to Article 104 - 24 (1) 1 or 2;
2. The category of business operated before and after relocating or returning to the Republic of Korea, shall be identical, based on the subdivision of the Korean Standard Industrial Classification.

(2) The reduction or exemption rates of customs duties on capital goods referred to in paragraph (1), shall be as follows:<Amended by Act No. 14390, Dec. 20, 2016 >

1. In cases falling under Article 104 - 24 (1) 1: 100/100 of the customs duties on the capital goods imported: Provided, That, if the total customs duties (the amount aggregated in the order of importation of capital goods) eligible for reduction or exemption, exceed 400 million won, no reduction or exemption shall be granted for such excess;
2. In cases falling under Article 104 - 2 (1) 2: 50/100 of the customs duties on the capital goods imported: Provided, That, if the total customs duties (the amount aggregated in the order of importation of capital goods) eligible for reduction or exemption, exceed 200 million won, no reduction or exemption shall be granted for such excess.

(3) Where a person granted a reduction or exemption of customs duties pursuant to paragraph (1), falls under any of the following cases, he/she shall pay the customs duties reduced or exempted, as prescribed by Presidential Decree:

1. Where the person closes the relevant business or his/her corporation is dissolved;
2. Where the person fails to commence a business after relocating or returning to the Republic of Korea, as prescribed by Presidential Decree;
3. Where the person disposes of, transfers, or leases the capital goods imported with customs duties reduced or exempted, within three years from the date of acceptance of the import declaration under the Customs Act.

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

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

CHAPTER IV Deleted.

Article 119 Deleted. <by Act No. 12853, Dec. 23, 2014>

Article 120 Deleted. <by Act No. 12853, Dec. 23, 2014>

Article 120 - 2 Deleted. <by Act No. 10406, Dec. 27, 2010>

Article 121 Deleted. <by Act No. 12853, Dec. 23, 2014>

CHAPTER V SPECIAL TAXATION FOR FOREIGNERS' INVESTMENT, ETC.

Article 121 - 2 (Reduction or Exemption of Corporate Tax, etc. for Foreign Investment)

(1) Foreign investment for operating any of the following businesses (referring to foreign investment defined in Article 2 (1) 4 of the Foreign Investment Promotion Act; hereafter in this Chapter, the same shall apply), shall be eligible for a reduction of, or exemption from, corporate tax, income tax, acquisition tax, and property tax (referring to the amount of tax levied under Article 111 of the Local Tax Act; hereinafter the same shall apply), respectively, as prescribed in paragraphs (2), (4), (5), and (12), if the investment meets the conditions prescribed by Presidential Decree: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10529, Apr. 4, 2011; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13426, Jul. 24, 2015; Act No. 14390, Dec. 20, 2016>

1. A business that requires any of the technologies prescribed by Presidential Decree and belongs to the new growth engine industry essential for upgrading domestic industrial structures and strengthening international competitiveness;
2. A business subject to examination and resolution by any of the following committees, among businesses operated by a foreign - capital - invested company defined in Article 2 (1) 6 of the Foreign Investment Promotion Act (hereafter in

this Chapter, referred to as "foreign - capital - invested company"), which occupies a foreign investment zone under Article 18 (1) 2 of the same Act, and businesses operated by a foreign - capital - invested company, among businesses referred to in subparagraph 2 - 2 or 2 - 8 or Article 121 - 8 (1) or 121 - 9 (1) 1:

- (a) In cases of businesses referred to in subparagraph 2 - 2, the Free Economic Zones Committee established under Article 25 of the Special Act on Designation and Management of Free Economic Zones;
- (b) In cases of businesses referred to in subparagraph 2 - 8, the Saemangeum Committee established under Article 33 of the Special Act on Promotion and Support for Saemangeum Project;
- (c) In cases of businesses referred to in Article 121 - 8 (1), the Supporting Committee for Jeju Special Self - Governing Province established under Article 17 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City;
- (d) In cases of businesses referred to in Article 121 - 9 (1) 1, the Deliberative Committee on Comprehensive Plan for Jeju Free International City established under Article 144 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City;

2 - 2. A business operated by a foreign - capital - invested company that occupies a free economic zone defined in subparagraph 1 of Article 2 of the Special Act on Designation and Management of Free Economic Zones;

2 - 3. A business operated by a foreign - capital - invested company designated as a free economic zone development project entity under Article 8 - 3 (1) and (2) of the Special Act on Designation and Management of Free Economic Zones;

2 - 4. A business operated by a foreign - capital - invested company designated as a development project entity of a Jeju investment promotion zone under Article 162 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City;

2 - 5. A business operated by a foreign - capital - invested company that occupies a foreign investment area designated under Article 18 (1) 1 of the Foreign Investment Promotion Act;

2 - 6. A business operated by a foreign - capital - invested company that occupies an enterprise city development zone defined in subparagraph 2 of Article 2 of the

Special Act on the Development of Enterprise Cities (hereinafter referred to as "enterprise city development zone");

2 - 7. A business operated by a foreign - capital - invested company designated as an enterprise city development project entity under Article 10 (1) of the Special Act on the Development of Enterprise Cities (hereinafter referred to as "enterprise city development project entity") and that implements an enterprise city development project defined in subparagraph 3 of Article 2 of the same Act;

2 - 8. A business operated by a foreign - capital - invested company that occupies the Saemangeum project area designated under Article 2 of the Special Act on Promotion and Support for Saemangeum Project (hereafter in this Chapter, referred to as "Saemangeum project area");

2 - 9. A business operated by a foreign - capital - invested company designated as a project implementer under Article 8 (1) of the Special Act on Promotion and Support for Saemangeum Project;

3. Any other business prescribed by Presidential Decree to which a tax reduction or exemption is inevitably allowed to attract foreign investments.

(2) A foreign - capital - invested company is eligible for a reduction of, or exemption from, corporate tax or income tax, as follows, on income accruing from a business eligible for tax reductions or exemptions under paragraph (1) (or income prescribed by Presidential Decree in cases of any business eligible for tax reductions or exemptions under paragraph (1) 1). In calculating the amount of tax eligible for reductions or exemptions in such cases, the foreign investment ratio of the foreign - capital - invested company prior to a merger shall apply, if the foreign - capital - invested company merges with a domestic corporation (excluding a foreign - capital - invested company in the period of tax reduction or exemption) during the period of tax reduction or exemption, and consequently the foreign investment ratio (referring to the foreign investment ratio calculated as prescribed by Presidential Decree, based upon the classes of stocks issued by the foreign - capital - invested company, etc.; hereafter in this Chapter, the same shall apply) of the merged corporation decreases: <Amended by Act No. 14390, Dec. 20, 2016>

1. Income accruing from any of the businesses eligible for tax reduction or exemption as prescribed in paragraph (1) 1 or 2: The amount of tax classified as follows:

- (a) Until the five subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after commencing the business (referring to the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary): The full amount of tax calculated by multiplying the equivalent to corporate tax or income tax on the relevant business income (referring to the amount of tax calculated by multiplying the total amount of tax calculated, by the ratio of the income accruing from the business referred to in any subparagraph of paragraph (1) to the gross tax base), by the foreign investment ratio (hereafter in this paragraph, paragraph (12) 1 and 2, and Article 121 - 4 (4), referred to as "amount of tax eligible for reduction or exemption");
- (b) Until the two subsequent taxable years after the period specified in item (a): The amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption;
2. Income accruing from any of the businesses eligible for tax reduction or exemption as prescribed in paragraph (1) 2 - 2 through 2 - 9 and 3: The amount of tax classified as follows:
- (a) Until the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after commencing the business (referring to the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary): The full amount of tax eligible for tax reduction or exemption;
- (b) Until the two subsequent taxable years after the period specified in item (a): The amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption.
- (3) Deleted. <by Act No. 12173, Jan. 1, 2014 >
- (4) The property acquired and owned by a foreign - capital - invested company to operate a reported business, is eligible for a reduction of, or exemption from, acquisition tax and property tax, or a deduction from the relevant tax base subject to the prescribed ceiling, as follows: Provided, That, if a local government extends the period of reduction or exemption, or the period of deduction by up to 15 years, or

increases the rate of reduction or exemption, or the rate of deduction during the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Restriction of Special Local Taxation Act, such extended period or increased rate shall apply, notwithstanding subparagraphs 1 and 2: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. Acquisition tax and property tax: The foreign - capital - invested company is entitled to a full exemption by the amount (hereafter in this paragraph, paragraphs (5) and (12) 3 and 4, referred to as "amount of tax eligible for reduction or exemption") calculated by multiplying the amount of tax calculated on the relevant property by the ratio of the foreign investment for five years from the date its business commences; and an amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption, shall be reduced for two years thereafter: Provided, That acquisition tax and property tax on the property acquired and owned by the foreign - capital - invested company to operate a business eligible for reduction or exemption under paragraph (1) 2 - 2 through 2 - 7 and 3, it is entitled to a full exemption by the amount of tax eligible for reduction or exemption for three years from the date its business commences, and an amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption shall be reduced for two years thereafter;

2. Property tax on land: The foreign - capital - invested company is entitled to deduct, from its tax base, the total of an amount (hereafter in this paragraph, paragraphs (5) and (12) 3 and 4, referred to as "amount eligible for deduction") calculated by multiplying the tax base on the property by the ratio of the foreign investment for five years from the date its business commences; an amount equivalent to 50/100 of the amount eligible for deduction shall be deducted from the tax base for two years thereafter: Provided, That property tax on the land acquired and owned by the foreign - capital - invested company to operate a business eligible for reduction or exemption under paragraph (1) 2 - 2 through 2 - 7 and 3, it is entitled to deduct the total amount eligible for deduction from the tax base for three years from the date its business commences; an amount equivalent to 50/100 of the amount eligible for deduction shall be deducted from the tax base for two years thereafter.

(5) If a foreign - capital - invested company owns or acquires property before the date of commencement of its business to use the property for any business referred

to in any subparagraph of paragraph (1), the foreign - capital - invested company is entitled to a reduction or, or an exemption from, acquisition tax or property tax on such property or deduction of a prescribed amount from the relevant tax base as follows, notwithstanding paragraph (4): Provided, That, if a local government extends the period of reduction or exemption, or the period of deduction by up to 15 years, or increases the rate of reduction or exemption, or the rate of deduction during the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Restriction of Special Local Taxation Act, such extended period or increased rate shall apply, notwithstanding subparagraphs 2 and 3:<Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. Acquisition tax on the property acquired on or after the foreign - capital - invested company is notified of a decision on tax reduction or exemption under paragraph (8): The total amount of tax eligible for reduction or exemption shall be exempted;
2. Property tax for five years from the date of acquisition of such property: The total amount of tax eligible for reduction or exemption shall be exempted, and for two years thereafter, the amount equivalent to 50/100 of the amount of tax eligible for reduction or exemption shall be reduced: Provided, That the foreign - capital - invested company is entitled to an exemption from the total amount of tax eligible for reduction or exemption for three years from the date of acquisition of the property, and a reduction of the amount equivalent to 50/100 of the amount of tax eligible for reduction or exemption for two years thereafter, with respect to property tax on the property acquired and owned to operate a business eligible for reduction or exemption under paragraph (1) 2 - 2 through 2 - 9 and 3;
3. Property tax on land: The foreign - capital - invested company is entitled to deduct the full amount eligible for deduction for five years from the date of acquisition of the relevant property, and an amount equivalent to 50/100 of the amount eligible for deduction for two years thereafter, respectively from the tax base: Provided, That it is entitled to deduct the full amount eligible for deduction for three years from the date of acquisition of the relevant land, and an amount equivalent to 50/100 of the amount eligible for deduction for two years thereafter, respectively from the tax base, with respect to the property tax on the land acquired and held to operate a business eligible for reduction or exemption under paragraph (1) 2 - 2 through 2 - 9 and 3.

(6) A foreign - capital - invested company that intends to obtain tax reductions or exemptions under paragraph (2), (4), (5), or (12), shall file an application therefor with the Minister of Strategy and Finance by the end of the taxable year in which the date its business commences: Provided, That, where the foreign - capital - invested company alters the details of the business subject to a decision on tax reduction or exemption under paragraph (8), and intends to obtain a tax reduction or exemption for the altered business, it shall file an application for altering the details of tax reductions or exemptions with the Minister of Strategy and Finance by no later than two years from the date the ground for the relevant alteration arises, and where a decision is made to alter the details of tax reductions or exemptions, the details of such decision shall apply only to the remainder of the original reduction or exemption period.<Amended by Act No. 12173, Jan. 1, 2014>

(7) A foreigner (referring to a foreigner defined in Article 2 (1) 1 of the Foreign Investment Promotion Act) or a foreign - capital - invested company may request the Minister of Strategy and Finance to verify whether a business he/she or it intends to operate is eligible for tax reductions or exemptions under paragraph (1) before filing a report under Article 5 (1) of the Foreign Investment Promotion Act to make a foreign investment defined in Article 2 (1) 4 (a) (i) of the same Act.<Amended by Act No. 12173, Jan. 1, 2014; Act No. 13854, Jan. 27, 2016>

(8) Upon receipt of an application for tax reductions or exemptions or for alteration of details of tax reductions or exemptions under paragraph (6) or a request for prior verification under paragraph (7), the Minister of Strategy and Finance shall decide whether to grant a tax reduction or exemption, whether to alter the details of reduction or exemption, or whether a business is eligible for tax reductions or exemptions, in consultation with the head of the relevant central government agency (referring to the head of the local government having jurisdiction over the relevant place of business in cases of reduction of, or exemption from, acquisition tax or property tax under paragraph (4), (5), or (12) 3 or 4), and shall notify the applicant of the decision: Provided, That the Minister may decide whether to grant a tax reduction or exemption under paragraph (1) 1, whether to alter the details of tax reduction or exemption, or whether a business is eligible for a tax reduction or exemption, as prescribed by Presidential Decree.<Amended by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

(9) Paragraphs (2) through (5) and (12) shall not apply to foreign investments defined in Article 2 (1) 8 (g), 2 (1) 4 (a) (ii), 5 (2) 1, or 6 of the Foreign Investment Promotion Act. <Amended by Act No. 13854, Jan. 27, 2016>

(10) Where a foreign - capital - invested company obtains a decision on reduction or exemption under paragraph (8) by applying for reduction or exemption after the deadline therefor under paragraph (6), paragraphs (1) through (5), and (12) shall apply only to the taxable year in which the date of such application falls, and to the remainder of the period of reduction or exemption thereafter. In such cases, where the foreign - capital - invested company has paid an amount of tax prior to a decision on reduction or exemption under paragraph (8), such amount of tax shall not be refunded. <Amended by Act No. 12173, Jan. 1, 2014>

(11) Where this Article through Article 121 - 4 apply to any of the following foreign investments, the equivalent to the holding ratio (the holding ratio of less than 5/100 shall be deemed 5/100) of stocks or equity shares (hereafter in this Chapter, referred to as "stocks, etc."), the equivalent to loans, or the amount of foreign investment, calculated as prescribed by Presidential Decree, shall not be deemed eligible for tax reductions or exemptions: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

1. Where a foreign corporation or enterprise (hereafter in this Article, referred to as "foreign corporation, etc."), makes a foreign investment and falls under any of the following cases:

(a) Where a Korean national (excluding a person permanently residing overseas with a permanent residency permit or a permit for sojourn equivalent to the permanent residency permit in his/her residence country) or a Korean corporation (hereafter in this paragraph, referred to as "Korean national, etc."), owns, directly or indirectly, at least 5/100 of voting stocks, etc. of the foreign corporation, etc.;

(b) Where a Korean national, etc. is a stockholder who has appointed the chief executive officer or a majority of directors of the foreign corporation, etc., solely or under an arrangement, agreement, etc. with other stockholders;

2. Where any of the following persons provides a loan to a foreign investor defined in Article 2 (1) 5 of the Foreign Investment Promotion Act (hereafter in this Chapter, referred to as "foreign investor "):

- (a) A foreign - capital - invested company;
- (b) A Korean national, etc. who, directly or indirectly, owns at least 5/100 of voting stocks, etc. of a foreign - capital - invested company;
- (c) A Korean national, etc. who is a stockholder who has appointed the chief executive officer or a majority of directors of a foreign - capital - invested company, solely or under an arrangement, agreement, etc. with other stockholders;

3. Where a foreigner makes an investment via any of the countries or regions prescribed by Presidential Decree, among countries or regions with whom neither a tax treaty defined in Article 2 (1) 2 of the Adjustment of International Taxes Act nor an investment promotion and protection agreement has been signed.

(12) The reduction of, or exemption from corporate tax, income tax, acquisition tax, and property tax on foreign investments made by a method prescribed by Presidential Decree, such as acquisition of business, among the foreign investment in the business prescribed in paragraph (1) 1, shall be respectively granted as follows, notwithstanding the period of reduction or exemption, period of deduction, rate of reduction or exemption, and rate of deduction provided for in paragraphs (2) through (5): Provided, That in applying subparagraphs 3 and 4, where a local government extends the period of reduction, exemption, or deduction up to ten years, or increases the rate of reduction, exemption or deduction within the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Restriction of Special Local Taxation Act, such extended period or increased rate shall apply, notwithstanding subparagraphs 3 and 4: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013>

1. The reduction of, or exemption from corporate tax and income tax on a foreign - capital - invested company shall only apply to income accruing from operating a business eligible for reductions or exemptions under paragraph (1) 1, but 50/100 of the amount of tax subject to the reduction or exemption for the taxable year ending within three years from the commencement date of the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date the relevant business commences, when no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and 30/100 of the amount of tax eligible for reduction or

exemption for the two subsequent taxable years thereafter, shall be respectively reduced or exempted;

2. Deleted; <by Act No. 12173, Jan. 1, 2014>

3. For acquisition tax and property tax on the property acquired and owned to operate a business under paragraph (1) 1 by the foreign - capital - invested company, the following relevant amount of tax shall be reduced or exempted, or shall be deducted from its tax base:

(a) For acquisition tax and property tax, 50/100 of the amount of tax eligible for reduction or exemption for three years from the date the relevant business commences, and 30/100 of the amount of tax eligible for reduction or exemption for two years thereafter, shall be respectively reduced;

(b) For property tax on land, 50/100 of the amount eligible for deduction for three years from the date the relevant business commences, and 30/100 of the amount eligible for deduction for two years thereafter, shall be respectively deducted from the tax base;

4. For acquisition tax and property tax on any property acquired and owned by the foreign - capital - invested company prior to the date the relevant business commences, to use for the business provided for in paragraph (1) 1, the following relevant amount of tax shall be reduced or exempted, or shall be deducted from its tax base:

(a) For acquisition tax on the property acquired after the date a tax reduction or exemption is decided under paragraph (8), 50/100 of the amount of tax eligible for reduction or exemption shall be reduced;

(b) For property tax, 50/100 of the amount of tax eligible for reduction or exemption for three years from the date the relevant property is acquired, and 30/100 of the amount of tax eligible for reduction or exemption for two years thereafter, shall be respectively reduced;

(c) For property tax on land, 50/100 of the amount eligible for deduction for three years from the date the relevant property is acquired, and 30/100 of the amount eligible for deduction for two years thereafter, shall be respectively deducted from the tax base.

(13) Where no initial investment (including capital increase; hereafter in this paragraph, the same shall apply), is made by the third anniversary from the date a

notice of the first decision on tax reduction or exemption is served after filing a report on a foreign investment, the decision on tax reduction or exemption under paragraph (8), becomes invalid; and where the initial investment is made within three years from the date a notice of the first decision on tax reduction or exemption is served after filing a report on a foreign investment, but the relevant business does not commence by the fifth anniversary from the date a notice of the first decision on tax reduction or exemption is served, paragraphs (2), (4), (5), (12), and (18) shall apply, deeming the relevant business to have commenced on the fifth anniversary from the date a notice of the first decision on tax reduction or exemption is served.

<Amended by Act No. 13560, Dec. 15, 2015>

(14) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) or (12) 1 applies, exceeds the aggregate of the following amounts, the ceiling on the tax reduction or exemption (hereafter in this Article, referred to as "reduction or exemption ceiling"), shall be such aggregate:<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. A ceiling based on the investment of an amount, classified as follows:
 - (a) In cases falling under paragraph (1) 1 or 2: 50/100 of cumulative foreign investments prescribed by Presidential Decree (hereafter in this paragraph, referred to as "cumulative foreign investments");
 - (b) In cases falling under paragraph (1) 2 - 2 through 2 - 9, and 3, and paragraph (12) 1: 40/100 of cumulative foreign investments;
2. The aggregate of the following amounts based on the status of employment: Provided, That in cases falling under paragraph (1) 1, the equivalent to 50/100 of cumulative foreign investments shall be the ceiling; in cases falling under paragraph (1) 2, the equivalent to 40/100 of cumulative foreign investments shall be the ceiling; and in cases falling under paragraph (1) 2 - 2 through 2 - 9, and 3, and paragraph (12) 1, the equivalent to 30/100 of cumulative foreign investments shall be the ceiling:
 - (a) Number of graduates from high schools, etc. aligned to industry demand, among full - time employees of the relevant foreign - capital - invested company during the relevant taxable year × 20 million won;

(b) Number of youth employees, employees with a disability, and employees aged at least 60, among full - time employees of the relevant foreign - capital - invested company, other than the full - time employees referred to in item (a), during the relevant taxable year × 15 million won;

(c) (Number of full - time employees during the relevant taxable year - number of graduates referred to in item (a) - number of youth employees, employees with a disability, and employees aged at least 60 referred to in item (b)) × 10 million won.

(15) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraphs (2) and (12) 1, an amount prescribed in paragraph (14) 1 shall be first applied, and then an amount prescribed in paragraph (14) 2 shall be applied. <Newly Inserted by Act No. 10406, Dec. 27, 2010 >

(16) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which tax reductions or exemptions were granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which tax reductions or exemptions were granted, has decreased as compared with the number of full - time employees in the taxable year in which tax reductions or exemptions were granted, a foreign - capital - invested company granted a reduction or exemption of income tax or corporate tax under paragraph (14) 2, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010 >

(17) For the purposes of paragraphs (14) and (16), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010 >

(18) If a foreign - capital - invested company keeps separate accounting for the business referred to in paragraph (1) 1 and for any business other than that referred to in paragraph (1) 1, among those referred to under paragraph (1), in the same place of business, by applying mutatis mutandis Article 143, the company is entitled to apply a reduction or exemption under paragraph (2) to each business separately: Provided, That the period of reduction or exemption for each business shall be

counted from the commencement date of the taxable year in which the first income eligible for reduction or exemption accrues at the relevant place of business (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues until the taxable year falling on such fifth anniversary). <Newly Inserted by Act No. 12853, Dec. 23, 2014 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 3 (Exemption from Customs Duties, etc.)(1) Of the following capital goods necessary for any of the businesses referred to in Article 121 - 2 (1) 1 and 2 (referring to capital goods defined in Article 2 (1) 9 of the Foreign Investment Promotion Act; hereafter in this Chapter, the same shall apply), capital goods prescribed by Presidential Decree shall be exempted from customs duty, individual consumption tax, and value - added tax, if they are imported as reported under Article 5 (1) or (2) of the Foreign Investment Promotion Act for an foreign investment defined in Article 2 (1) 4 (a) (i) of the same Act: <Amended by Act No. 13854, Jan. 27, 2016 >

1. Capital goods that a foreign - capital - invested company imports with any means of international payment or domestic payment it has obtained as equity investment from a foreign investor;
2. Capital goods that a foreign investor imports as objects of investment defined in Article 2 (1) 8 of the Foreign Investment Promotion Act (hereafter in this Chapter, referred to as "object of investment").

(2) Of the capital goods necessary for any of the businesses referred to in Article 121 - 2 (1) 2 - 2 through 2 - 5, 2 - 8, 2 - 9, and 3, capital goods prescribed by Presidential Decree shall be exempted from customs duty, if they are imported as reported under Article 5 (1) or (2) of the Foreign Investment Promotion Act for an foreign investment defined in Article 2 (1) 4 (a) (i) of the same Act. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 13854, Jan. 27, 2016 >

(3) Where a foreign investor or a foreign - capital - invested company intends to be granted an exemption from customs duties, individual consumption tax, and value - added tax under paragraph (1) or from customs duties under paragraph (2), he/she or it shall file an application therefor, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(4) Paragraph (1) shall not apply to any foreign investment defined in Article 2 (1) 4 (a) (ii), 5 (2) 1, or 6 of the Foreign Investment Promotion Act. <Amended by Act No. 13854, Jan. 27, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 4 (Tax Reduction or Exemption for Capital Increase)(1) Where a foreign - capital - invested company increases its capital, Articles 121 - 2 and 121 - 3 shall apply mutatis mutandis to tax reduction or exemption for the increased capital: Provided, That consultation with the competent Minister or the head of the local government under Article 121 - 2 (8), may be omitted for an application for tax reduction or exemption that meets the criteria prescribed by Presidential Decree.

(2) The following stocks, etc., are entitled to tax reduction or exemption during the remaining period of reduction or exemption and at the ratio of reduction or exemption for the relevant remaining period in the same manner as tax reduction or exemption is granted to stocks, etc. based on which such stocks, etc. are acquired: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 13854, Jan. 27, 2016 >

1. Stocks, etc. acquired by a foreign investor upon capitalizing the reserve, revaluation reserve, or other reserves prescribed by other statutes under Article 5 (2) 2 of the Foreign Investment Promotion Act.
2. Stocks, etc. acquired by investing the proceeds from the stocks, etc. (limited to stocks, etc.) acquired by a foreign investor under Article 5 (2) 5 of the Foreign Investment Promotion Act.

(3) For the purposes of paragraph (1), the date a business commences shall be the date a modified registration on the capital increase is filed.

(4) In calculating the amount of tax eligible for reduction or exemption for a foreign - capital - invested company under paragraph (1), where the foreign - capital - invested company continues using the fixed assets for business purposes of the business whose period of tax reduction or exemption under Article 121 - 2 expires in the business which is subject to tax reduction or exemption for the portion of capital increase under paragraph (1) (hereafter in this paragraph, referred to as "business for the portion of capital increase") or in circumstances prescribed by Presidential Decree, the amount calculated by the following formula shall be the amount of tax to be reduced or exempted for the business for the portion of capital increase: <Newly

Inserted by Act No. 11133, Dec. 31, 2011 > The amount of tax to be reduced or exempted × The value of the fixed assets for the business newly acquired or installed after the date a modified registration is completed / the total value of the fixed assets for the business of the business for the portion of capital increase
(5) Notwithstanding paragraph (1), where a foreign - capital - invested company increases its capital within a maximum of the reported foreign investment amount confirmed when the decision on the tax reduction or exemption is made prior to the third anniversary from the date the first notice concerning the decision on the tax reduction or exemption is served after reporting the foreign investments, even if no application is filed for reducing or exempting the tax pursuant to the provisions of Article 121 - 2 (6), the foreign - capital - invested company shall be deemed eligible for the decision on the tax reduction or exemption provided for in Article 121 - 2 (8) for the portion of the increased capital.

(6) For the purposes of applying mutatis mutandis Article 121 - 2 to the tax reduction or exemption on the portion of capital increase under paragraph (1), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.

<Newly Inserted by Act No. 10406, Dec. 27, 2010 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 5 (Additional Collection, etc. of Amount of Tax Reduced or Exempted on

Foreign Investment)(1) Where any of the following events occurs in relation to a foreign - capital - invested company granted a reduction or exemption of corporate tax or income tax as prescribed in Article 121 - 2 (2) or (12), the foreign - capital - invested company shall pay, as income tax or corporate tax, an amount calculated as prescribed by Presidential Decree, plus an additional amount equivalent to interest calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event occurs; and such amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Act or Article 64 of the Corporate Tax Act: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

1. Where its registration is revoked under the Foreign Investment Promotion Act;

2. Where it fails to meet the requirements for tax reduction and exemption prescribed under the main sentence of Article 121 - 2 (1);
3. Where a person, who has received a corrective order under Article 28 (5) of the Foreign Investment Promotion Act as he/she failed to implement as reported, fails to comply with it;
4. Where a foreign investor transfers the stocks, etc. which he/she owns under this Act to a Korean national or corporation;
5. Where it closes its business;
6. Where the foreign - capital - invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121 - 2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long - term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(2) The director of a customs office or the head of a tax office shall additionally collect customs duties, individual consumption tax, and value - added tax exempted under Article 121 - 3, as prescribed by Presidential Decree, in any of the following cases: <Amended by Act No. 14390, Dec. 20, 2016>

1. Where a registration is revoked under the Foreign Investment Promotion Act;
2. Where the object of investment is used for any purpose other than the reported one, or is disposed of;
3. Where a foreign investor transfers the stocks, etc. which he/she owns under this Act to a Korean national or corporation;
4. Where a relevant foreign - capital - invested company closes its business;
5. Where a foreign - capital - invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121 - 2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long - term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(3) In any of the following cases, the head of a local government shall additionally collect the acquisition tax and property tax reduced or exempted under Article 121 - 2 (4), (5), and (12), as prescribed by Presidential Decree. In such cases, the amount of tax equivalent to the amount commensurate with the relevant insufficient ratio, shall be collected additionally, in cases falling under subparagraph 1: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

1. Where the ratio of stocks, etc. of a foreign investor falls short of the ratio of stocks, etc, at the time of reduction or exemption, after the taxes have been reduced or exempted under Article 121 - 2 (5) and (12);
2. Where a foreign investor transfers the stocks, etc. which he/she owns under this Act to a Korean national or corporation after the taxes have been reduced or exempted under Article 121 - 2 (4) and (12);
3. Where a registration is revoked under the Foreign Investment Promotion Act;
4. Where a relevant foreign - capital - invested company closes its business;
5. Where a foreign - capital - invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121 - 2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long - term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(4) The scope of amount of tax to be additionally collected under paragraphs (1) through (3); methods for application in cases falling under multiples grounds for additional tax collection; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 11614, Jan. 1, 2013>

(5) In any of the following cases, the amount of tax reduced or exempted need not be additionally collected, as prescribed by Presidential Decree, notwithstanding paragraphs (1) through (3): <Amended by Act No. 12853, Dec. 23, 2014>

1. Where the registration of a foreign - capital - invested company is revoked as it is dissolved by a merger;
2. Where a foreign - capital - invested company uses any capital goods it imported with no customs duties, etc. under Article 121 - 3 and have used, but become unusable for their original purposes due to a natural disaster or other force majeure

events, or depreciation, technological advancement, and other changes in economic conditions, and for other purposes than original ones, or disposes of such capital goods with approval from the Minister of Strategy and Finance;

3. Where a foreign - capital - invested company transfers the stocks, etc. to a Korean national or corporation to go public under the Financial Investment Services and Capital Markets Act;
4. Where a foreign - capital - invested company meets the relevant requirements for tax reduction or exemption by delivering the object of investment within the performance period extended by the relevant Mayor/Do Governor under the Foreign Investment Promotion Act;
5. Where the purpose of tax reduction or exemption is deemed achieved, which is prescribed by Presidential Decree.

(6) Where a foreign - capital - invested company in receipt of a decision for tax reduction or exemption under Article 121 - 2 (8), falls under any subparagraph of paragraph (1) (excluding subparagraph 4), of paragraph (2) (excluding subparagraphs 2 and 3), or of paragraph (3) (excluding subparagraphs 1 and 2), the reduction or exemption under Articles 121 - 2 through 121 - 4 shall not apply for the relevant taxable year and remaining period for reduction or exemption, as prescribed by Presidential Decree. <Newly Inserted by Act No. 11614, Jan. 1, 2013>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 6 Deleted. <by Act No. 9921, Jan. 1, 2010>

Article 121 - 7 (Delegation, etc. of Authority)

The Minister of Strategy and Finance may delegate or entrust part of his/her authority under this Chapter to the Commissioner of the National Tax Service, the Commissioner of Korea Customs Service, and the heads of other institutions related to foreigner investment prescribed by Presidential Decree, pursuant to Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

CHAPTER V - 2 SPECIAL TAXATION TO PROMOTE JEJU FREE INTERNATIONAL CITY

Article 121 - 8 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that Occupy Jeju Science Park) (1) Where an enterprise that occupies Jeju Science Park designated under Article 161 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City (hereafter in this Chapter, referred to as the "Jeju Science Park"), by not later than December 31, 2018, operates any of the businesses prescribed by Presidential Decree, such as biotech industry or information and communications industry (hereafter in this Article, referred to as "business eligible for tax reduction or exemption"), regarding income accruing from the business eligible for tax reduction or exemption, the enterprise is entitled to a full exemption from corporate tax or income tax for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary); and entitled to a reduction of corporate tax or income tax by 50/100 for the two subsequent taxable years thereafter. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 13426, Jul. 24, 2015; Act No. 13560, Dec. 15, 2015 >

(2) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (1) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (1) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount: <Newly Inserted by Act No. 10406,

[Dec. 27, 2010; Act No. 14390, Dec. 20, 2016](#)>

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The lesser of the following:
 - (a) The number of full - time employees at the place of business in Jeju Science Park in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption") × 10 million won;
 - (b) 20/100 of the cumulative investments referred to in subparagraph 1;
3. The lesser of the following:
 - (a) Number of full - time employees at the place of business eligible for tax reduction or exemption in the relevant taxable year × 20 million won;
 - (b) 100/100 of the cumulative investments referred to in subparagraph 1.
- (3) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (1), an amount referred to in paragraph (2) 1 shall be first applied, and then an amount referred to in paragraph (2) 2 shall be applied.<[Newly Inserted by Act No. 10406, Dec. 27, 2010](#)>
- (4) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (2) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.<[Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016](#)>
- (5) For the purposes of paragraphs (2) and (4), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.<[Newly Inserted by Act No. 10406, Dec. 27, 2010](#)>
- (6) Any person who intends to be granted a tax reduction or exemption pursuant to paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(7) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (2), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 9 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that

Occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)(1) An investment made to operate any of the following businesses or projects (hereafter in this Article and Articles 121 - 11 and 121 - 12, referred to as "business eligible for tax reduction or exemption"), is eligible for a reduction or exemption of corporate tax or income tax as prescribed in paragraphs (2) and (4) through (7), if it meets the requirements prescribed by Presidential Decree: <Amended Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13426, Jul. 24, 2015; Act No. 13560, Dec. 15, 2015 >

1. A business operated by an enterprise that occupies the Jeju Investment Promotion Zone designated under Article 162 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City (hereafter in this Chapter, referred to as the "Jeju Investment Promotion Zone"), by not later than December 31, 2018, at a place of business in that Zone;
2. A business operated by an enterprise that occupies the Free Trade Zone designated in Jeju Special Self - Governing Province pursuant to Article 4 of the Act on Designation and Management of Free Trade Zones (hereafter in this Chapter, referred to as the "Jeju Free Trade Zone"), by not later than December 31, 2018, at a place of business in that Zone;
3. A development project collectively planned, financed, designed, constructed, marketed, leased, sold in lots, etc. by a development project entity of the Jeju Investment Promotion Zone to develop the Jeju Investment Promotion Zone.

(2) Regarding income accruing from a business eligible for tax reduction or exemption falling under any subparagraph of paragraph (1), for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the

relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary), in cases falling under paragraph (1) 1 or 2, 100/100 of corporate tax or income tax, and in cases falling under paragraph (1) 3, 50/100 of corporate tax or income tax, shall be reduced or exempted, respectively; and for the two subsequent taxable years thereafter, in cases falling under paragraph (1) 1 or 2, 50/100 of corporate tax or income tax, and in cases falling under paragraph (1) 3, 25/100 of corporate tax or income tax, shall be reduced, respectively.

(3) Deleted. <by Act No. 13560, Dec. 15, 2015 >

(4) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (2) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount: <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016 >

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The lesser of the following:

(a) Number of full - time employees at the place of business falling under any subparagraph of paragraph (1) in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption")
× 10 million won;

(b) 20/100 of the cumulative investments referred to in subparagraph 1;

3. The lesser of the following:

(a) Number of full - time employees at the place of business eligible for tax reduction or exemption in the relevant taxable year × 20 million won;

(b) 100/100 of the cumulative investments referred to in subparagraph 1.

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied.<Newly Inserted by Act No. 10406, Dec. 27, 2010>

(6) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

(7) For the purposes of paragraphs (4) and (6), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010>

(8) A person who intends to be granted a tax reduction or exemption under paragraph (2), shall file an application therefor, as prescribed by Presidential Decree <Amended Act No. 10406, Dec. 27, 2010; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015>

(9) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (4), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143.<Newly Inserted by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 10 (Exemption from Customs Duties on Goods Imported by Enterprises that Occupy Jeju Science Park)

(1) Goods prescribed by Presidential Decree among those to be imported by enterprises that occupy Jeju Science Park, by not later than December 31, 2018, to use for research and development, shall be exempted from

customs duties. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Article 118 (3) and (4) shall apply mutatis mutandis to goods exempted from customs duties under paragraph (1).

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 11 (Exemption from Customs Duties on Goods Imported by Companies

Located in Jeju Investment Promotion Zone)(1) Goods prescribed by Presidential Decree, among the capital goods (referring to the capital goods defined under Article 2 (1) 9 of the Foreign Investment Promotion Act, and excluding those for repair or replacement) to be imported by the companies located in the Jeju investment promotion zone, by not later than December 31, 2018, to directly use them for the business eligible for tax reduction or exemption, are exempt from customs duties: Provided, That such goods shall be limited to those impracticable to produce in Korea, except for the goods to be imported by foreign investors or foreign - capital invested companies for foreign investment pursuant to the Foreign Investment Promotion Act. <Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Article 118 (3) and (4) shall apply mutatis mutandis to the goods exempt from customs duties under paragraph (1).

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 12 (Additional Collection of Amount of Tax Reduced or Exempted from Enterprises that Occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)(1)

The head of a tax office or the head of a customs office shall additionally collect corporate tax, income tax, or customs duties reduced or exempted under Article 121 - 9 or 121 - 11, as prescribed by Presidential Decree, in any of the following cases: <Amended Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014; Act No. 13426, Jul. 24, 2015; Act No. 13560, Dec. 15, 2015; Act No. 13856, Jan. 27, 2016>

1. Where the designation of the Jeju Investment Promotion Zone is cancelled pursuant to Article 163 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City;

2. Where an occupancy contract is terminated pursuant to Article 15 of the Act on Designation and Management of Free Trade Zones;
3. Where a company occupying Jeju Investment Promotion Zone or Jeju Free Trade Zone, closes its business;
4. and 5. Deleted; <by Act No. 13560, Dec. 15, 2015>
6. Where no investment satisfying the requirements for tax reduction and exemption prescribed under Article 121 - 9 (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such third anniversary).
 - (2) Article 121 - 9 (2) shall not apply to the relevant taxable year, and the remaining period of reduction or exemption in cases falling under paragraph (1) 6. <Newly Inserted Act No. 10406, Dec. 27, 2010>
 - (3) The scope of amounts of tax to be additionally collected pursuant to paragraph (1), shall be prescribed by Presidential Decree.
[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 121 - 13 (Special Cases Concerning Indirect Tax, etc. for Jeju - do Traveler Using Duty - Free Shops) (1) Where a person prescribed by Presidential Decree who travels around Jeju - do (hereafter referred to as "Jeju - do traveler" in this Article) purchases any goods prescribed by Presidential Decree (hereafter referred to as "duty - free goods" in this Article) at a duty - free shop under Article 255 of the Special Act on the Establishment of Jeju Special Self - Governing Province and the Development of Free International City (hereafter referred to as "designated duty - free shop" in this Article) and carry out the goods to any area outside of Jeju - do, such goods are exempt (or application of the zero tax rate in cases of value - added tax; the same shall apply hereafter in this Article) from value - added tax, individual consumption tax, liquor tax, customs duties, and tobacco consumption tax (hereafter referred to as "value - added tax, etc." in this Article). <Amended by Act No. 13426, Jul. 24, 2015>

(2) Designated duty - free shops shall be deemed to be bonded areas licensed under Article 174 of the Customs Act. In this regard, the duty - free goods to be carried out

to any area outside of Jeju - do under paragraph (1) may be sold at such bonded areas, notwithstanding Article 196 (1) of the Customs Act.

(3) Duty - free goods supplied by the business operators to designated duty - free shops are exempted from value - added tax, individual consumption tax, liquor tax, and tobacco consumption tax, as prescribed by Presidential Decree.

(4) The prices of duty - free goods to be sold at designated duty - free shops shall be equivalent to 600 U.S. dollars and not exceed the price prescribed by Presidential Decree. <Amended by Act No. 12853, Dec. 23, 2014>

(5) The maximum amount of duty - free goods that a Jeju - do traveler can purchase at any designated duty - free shop per time shall be equivalent to 600 U.S. dollars and shall not exceed the amount prescribed by Presidential Decree, and Jeju - do travelers can purchase such duty - free goods up to six times a year. <Amended by Act No. 12853, Dec. 23, 2014>

(6) The quantity and price limits of duty - free goods, sales procedures of duty - free goods, procedures for exempting duty - free goods from value - added tax, etc., procedures for control of non - carried - out goods, collection of the reduced or exempted amount of tax due to unjustifiable purchase of duty - free goods, restriction on use of the designated duty - free shops, and other necessary matters for exemption of value - added tax, etc., shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Articles 121 - 14 through 16 Deleted. <by Act No. 13560, Dec. 15, 2015>

CHAPTER V - 3 SPECIAL TAXATION TO DEVELOP ENTERPRISE CITIES AND TO SUPPORT REGIONAL DEVELOPMENT PROJECT ZONES, ETC.

Article 121 - 17 (Reduction or Exemption of Corporate Tax, etc. for Start - Up

Enterprises, etc. in Enterprise City Development Zones, etc.)(1) An investment made to operate any of the following businesses or projects (hereafter in this Chapter, referred to as "business eligible for tax reduction or exemption"), is eligible for a reduction of, or an exemption from, corporate tax or income tax as prescribed in paragraphs (2) through (8), if the investment meets the requirements prescribed by Presidential Decree in terms of the type of business or project and the amount invested: <Amended Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013;

Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. A business operated by an enterprise which starts its business or establishes a new place of business (excluding where an existing place of business is relocated) in an enterprise city development zone, by not later than December 31, 2018, at its place of business in such zone;
2. An enterprise city development project defined in subparagraph 3 of Article 2 of the Special Act on the Development of Enterprise Cities and performed by an enterprise city development project entity;
3. A business operated by an enterprise which starts its business or establishes a new place of business (excluding where an existing place of business is relocated) in a regional development project zone designated under Article 11 of the Regional Development Assistance Act (limited to a regional development project that meets the criteria prescribed in Article 7 (1) 1 of the same Act) or in a regional promotion area designated under Article 67 of the same Act, by not later than December 31, 2018, at its place of business in such zone or area (including a national who operates a tourist accommodation business or a general resort business under the Tourism Promotion Act or a livestock business, where the national is selected as an implementer of a development project in an abandoned mine area promotion district designated under the Special Act on the Assistance to the Development of Abandoned Mine Areas, among the deemed regional development project zones under Article 4 of the Addenda to the Regional Development Assistance Act (Act No. 12737));
4. A regional development project performed by a project implementer under Article 19 of the Regional Development Assistance Act in a regional development project zone designated under Article 11 of the same Act (limited to a regional development project defined in Article 7 (1) 1 of the same Act) or in a regional promotion area designated under Article 67 of the same Act;
5. A business operated by an enterprise which starts its business or establishes a new place of business (excluding where an existing place of business is relocated), in the marine exposition district designated and publicly notified under Article 15 (1) of the Special Act on the Commemoration of and Follow - Up on the Expo 2012 Yeosu Korea, by not later than December 31, 2018;

6. A business operated by the project implementer under Article 18 (1) of the Special Act on the Commemoration of and Follow - Up on the Expo 2012 Yeosu Korea, for utilizing exposition facilities after the event;

7. The Saemangeum Project implemented by the project implementer designated under Article 8 (1) of the Special Act on Promotion and Support for Saemangeum Project.

(2) Regarding any income accruing from a business eligible for tax reduction or exemption of an enterprise falling under paragraph (1), an enterprise is entitled to a full exemption from corporate tax or income tax in cases falling under paragraph (1) 1, 3 and 5, and to a reduction of 50/100 of corporate tax or income tax in cases falling under paragraph (1) 2, 4, 6, and 7, respectively, for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and the enterprise is entitled to a reduction of 50/100 of corporate tax or income tax in cases falling under paragraph (1) 1, 3, and 5, and 25/100 of corporate tax or income tax in cases falling under paragraph (1) 2, 4, 6, and 7, respectively, for the two subsequent taxable years thereafter. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 14390, Dec. 20, 2016 >

(3) Deleted. <by Act No. 13560, Dec. 15, 2015 >

(4) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (2) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be

reduced or exempted by up to such greater amount: <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The lesser of the following:
 - (a) Number of full - time employees at a place of business where a business or project falling under any subparagraph of paragraph (1) is conducted in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption") × 10 million won;
 - (b) 20/100 of the cumulative investments referred to in subparagraph 1;
3. The lesser of the following:
 - (a) Number of full - time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 20 million won;
 - (b) 100/100 of the cumulative investments referred to in subparagraph 1.
- (5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied. <Newly Inserted by Act No. 10406, Dec. 27, 2010>
- (6) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees of the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>
- (7) For the purposes of paragraphs (4) and (6), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 10406, Dec. 27, 2010>
- (8) For the purposes of paragraphs (1), (2), and (4) through (7), Article 6 (6) shall apply mutatis mutandis to the scope of business startup. <Amended by Act No. 10406, Dec.

[27, 2010; Act No. 13560, Dec. 15, 2015](#)>

(9) A person who intends to be granted a tax reduction or exemption under paragraph (2), shall file an application therefor, as prescribed by Presidential Decree.<[Amended by Act No. 10406, Dec. 27, 2010; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015](#)>

(10) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (4), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143.<[Newly Inserted by Act No. 14390, Dec. 20, 2016](#)>

[[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010](#)]

Article 121 - 18 (Reduction of, or Exemption from, Individual Consumption Tax on Golf Courses in Tourism - Hub Enterprise Cities)(1) Notwithstanding Article 1 (3) 4 of the Individual Consumption Tax Act, no individual consumption tax shall be levied on the admission (limited to admissions made by not later than December 31, 2015) to a golf course established in a tourism - hub enterprise city defined under Article 30 (1) of the Special Act on the Development of Enterprise Cities (including tourism - leisure - type enterprise cities designated under subparagraph 1 (c) of Article 2 of the former Special Act on the Development of Enterprise Cities at the time the Special Act on the Development of Enterprise Cities as partially amended by Act No. 13372 entered into force; hereafter referred to as "tourism - hub enterprise city" in this Article). <[Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13372, Jun. 22, 2015](#)>

(2) The Metropolitan City Mayor or the head of a Si or Gun (excluding the head of a Gun under the jurisdiction of a Metropolitan City) having jurisdiction over a tourism - hub enterprise city shall take necessary measures to ensure that special taxation for golf courses located in tourism - centered enterprise cities under paragraph (1) can contribute to promoting tourism in the tourism - hub enterprise city, as prescribed by Presidential Decree.<[Amended by Act No. 13372, Jun. 22, 2015](#)>

[[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010](#)]

Article 121 - 19 (Additional Collection, etc. of Reduced or Exempted Amount of Tax)(1)

In any of the following cases, the head of a tax office shall additionally collect the corporate tax or income tax reduced or exempted under Article 121 - 17, as

prescribed by Presidential Decree: <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. Where the designation of an enterprise city development zone is canceled under Article 7 of the Special Act on the Development of Enterprise Cities;
2. Where the designation of a regional development project zone or a regional promotion area is cancelled under Article 18 of the Regional Development Assistance Act or Article 69 of the same Act;
3. Where no investment meeting the requirements for tax reduction or exemption provided for in Article 121 - 17 (1) is made within two years from the end of the taxable year during which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year in which the third anniversary falls, if no income accrues from the relevant business by the taxable year in which the third anniversary of the date of commencement of the business falls);
4. Where an enterprise that has started its business in an enterprise city development zone permanently closes the business or the newly established place of business;
5. Where an enterprise that has started its business in a regional development project zone designated under Article 11 of the Regional Development Assistance Act (limited to regional development projects defined under Article 7 (1) 1 of the same Act) or in a regional promotion area designated under Article 67 of the same Act permanently closes the business or the newly established place of business;
6. Where an enterprise which has started its business in the marine exposition district designated and publicly notified under Article 15 (1) of the Special Act on the Commemoration of and Follow - Up on the Expo 2012 Yeosu Korea permanently closes the business or the newly established place of business;

(2) In cases falling under paragraph (1) 3, Article 121 - 17 (2) shall not apply during the relevant taxable year and the remaining period for tax reduction or exemption.

(3) Deleted. <by Act No. 13560, Dec. 15, 2015>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

CHAPTER V - 4 SPECIAL TAXATION TO SUPPORT ASIAN CULTURAL HUB CITY

Article 121 - 20 (Reduction or Exemption of Corporate Tax, etc. for Enterprises that Occupy Investment Promotion Zone for Asian Cultural Hub City)(1) Where an enterprise that occupies an investment promotion zone designated under Article 16 of the Special Act on the Development of Asian Cultural Hub City, by not later than December 31, 2018, makes an investment, the category of business and amount invested of which meet the standards prescribed by Presidential Decree, to engage in a business in the investment promotion zone, corporate tax or income tax on such investment shall be reduced or exempted pursuant to paragraphs (2) and (4) through (7). <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Regarding income accruing from the business eligible for tax reduction and exemption, an enterprise referred to in paragraph (1) is entitled to a full exemption from corporate tax or income tax for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business eligible for tax reduction and exemption after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and entitled to a reduction of 50/100 of corporate tax or income tax for the two subsequent taxable years thereafter.

(3) Deleted.<by Act No. 13560, Dec. 15, 2015>

(4) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (2) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1

and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount:<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The lesser of the following:
 - (a) Number of full - time employees at a place of business in the investment promotion zone referred to in paragraph (1) in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption") × 10 million won;
 - (b) 20/100 of the cumulative investments referred to in subparagraph 1;
3. The lesser of the following:
 - (a) Number of full - time employees in a place of business eligible for tax reduction or exemption in the relevant taxable year × 20 million won;
 - (b) 100/100 of the cumulative investments referred to in subparagraph 1.
- (5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied.<Newly Inserted by Act No. 10406, Dec. 27, 2010>
- (6) Where the number of full - time employees each taxable year for the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees of the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>
- (7) For the purposes of paragraphs (4) and (6), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010>

(8) Where no investment that satisfies the requirements for tax reduction and exemption referred to in paragraph (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, where no income accrues from the relevant business by the taxable year falling on such third anniversary), the head of the competent tax office shall additionally collect corporate tax or income tax reduced or exempted under paragraphs (1) through (7), as prescribed by Presidential Decree. <Newly Inserted Act No. 10406, Dec. 27, 2010 >

(9) Paragraph (2) shall not apply to the relevant taxable year and the remaining period of reduction or exemption, in cases falling under paragraph (8). <Newly Inserted Act No. 10406, Dec. 27, 2010 >

(10) Deleted. <by Act No. 13560, Dec. 15, 2015 >

(11) A person who intends to be granted a reduction or exemption of corporate tax or income tax under paragraph (2), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015 >

(12) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (4), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

CHAPTER V - 5 SPECIAL TAXATION TO CREATE AND DEVELOP FINANCIAL HUBS

Article 121 - 21 (Reduction or Exemption of Corporate Tax, etc. for Enterprises, etc.

Incorporated in Financial Hubs) (1) Where an enterprise is incorporated or a place of business is established (excluding where an existing place of business is relocated) in a financial hub (excluding financial hubs located in the over - concentration control region of the Seoul Metropolitan area) designated under Article 5 (5) of the Act on the Creation and Development of Financial Hubs, by not later than December 31, 2018, and operates finance business or insurance business meeting the requirements

prescribed by Presidential Decree (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") at the place of business located in the financial hub (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption"), corporate tax or income tax shall be reduced or exempted pursuant to paragraphs (2) and (4) through (7). <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 13560, Dec. 15, 2015>

(2) Any income accruing from the business eligible for tax reduction or exemption conducted at a place of business located in a financial hub referred to in paragraph (1), is eligible for a full exemption from income tax or corporate tax for the three subsequent taxable years after the commencement date of the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and eligible for a reduction of income tax or corporate tax by 50/100 for the two subsequent taxable years thereafter.

(3) Deleted. <by Act No. 13560, Dec. 15, 2015>

(4) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (2) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount: <Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The lesser of the following:

(a) Number of full - time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 10 million won;

(b) 20/100 of the cumulative investments referred to in subparagraph 1;

3. The lesser of the following:

(a) Number of full - time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 20 million won;

(b) 100/100 of the cumulative investments referred to in subparagraph 1.

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied.<Newly Inserted by Act No. 10406, Dec. 27, 2010>

(6) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010; Act No. 14390, Dec. 20, 2016>

(7) For the purposes of paragraphs (4) and (6), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.<Newly Inserted by Act No. 10406, Dec. 27, 2010>

(8) Where no investment satisfying the requirements for tax reduction or exemption referred to in paragraph (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, where no income accrues from the relevant business by the taxable year falling on such third anniversary), the head of the competent tax office shall additionally collect corporate tax or income tax reduced or exempted under paragraphs (1), (2), and (4) through (7), as prescribed by Presidential Decree.<Newly Inserted Act No. 10406, Dec. 27, 2010; Act No. 13560, Dec. 15, 2015>

(9) Paragraph (2) shall not apply to the relevant taxable year and the remaining period of reduction or exemption, in cases falling under paragraph (8). <Newly Inserted Act No. 10406, Dec. 27, 2010 >

(10) Deleted. <by Act No. 13560, Dec. 15, 2015 >

(11) A person who intends to be granted a reduction or exemption of corporate tax or income tax under paragraph (2), shall file an application therefor, as prescribed by Presidential Decree. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12153, Jan. 1, 2014; Act No. 13560, Dec. 15, 2015 >

(12) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (4), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

[This Article Newly Inserted by Act No. 10285, May 14, 2010]

CHAPTER V - 6 SPECIAL TAXATION TO SUPPORT HIGH - TECH MEDICAL COMPLEXES

Article 121 - 22 (Reduction or Exemption of Corporate Tax, etc. for Enterprises, etc. that Occupy High - Tech Medical Complexes)(1) Where an enterprise that occupies a high - tech medical complex designated under Article 6 of the Special Act on the Designation and Support of High - Tech Medical Complexes by not later than December 31, 2019, conducts a business prescribed by Presidential Decree, such as health and medical technology business (hereafter in this Article, referred to as "business eligible for exemption or reduction"), at a place of business located in the high - tech medical complex (hereafter in this Article, referred to as "place of business eligible for reduction or exemption"), income tax or corporate tax shall be reduced or exempted pursuant to paragraphs (2) through (6). <Amended by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016 >

(2) Any income accruing from the business eligible for tax reduction or exemption conducted at the place of business referred to in paragraph (1), is eligible for a full exemption from income tax or corporate tax for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after the date the relevant business commences (or the

taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and eligible for a reduction of income tax or corporate tax by 50/100 for the two subsequent taxable years thereafter.

(3) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies, exceeds the aggregate of the amounts prescribed in subparagraphs 1 and 2, the amount of tax shall be reduced or exempted by up to such aggregate (hereafter in this Article, referred to as "reduction or exemption ceiling"): Provided, That, if an enterprise engages in a service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business"); and if the total amount of income tax or corporate tax reduced or exempted on income accruing from the relevant service business for the period of reduction or exemption to which paragraph (1) applies, exceeds the greater of the aggregate of the amounts prescribed in subparagraphs 1 and 2, or of the amount prescribed in subparagraph 3, the amount of tax may be reduced or exempted by up to such greater amount: <Amended by Act No. 14390, Dec. 20, 2016>

1. 50/100 of cumulative investments prescribed by Presidential Decree;
 2. The lesser of the following:
 - (a) Number of full - time employees at a place of business eligible for reduction or exemption in the relevant taxable year x 10 million won;
 - (b) 20/100 of the cumulative investments referred to in subparagraph 1;
 3. The lesser of the following:
 - (a) Number of full - time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year x 20 million won;
 - (b) 100/100 of the cumulative investments referred to in subparagraph 1.
- (4) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year under paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in paragraph (3) 2 shall be applied.
- (5) Where the number of full - time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the third anniversary from the end of the

taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full - time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 or 3, shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

(6) For the purposes of paragraphs (3) and (5), the scope of full - time employees; methods for calculating the number of full - time employees; and other necessary matters, shall be prescribed by Presidential Decree.

(7) A person who intends to be granted a reduction or exemption of income tax or corporate tax pursuant to paragraph (2), shall file an application therefor, as prescribed by Presidential Decree.

(8) An enterprise to which the ceiling on a service business applies under the proviso to paragraph (3), shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. <Newly Inserted by Act No. 14390, Dec. 20, 2016>

[This Article Newly Inserted by Act No. 11133, Dec. 31, 2011]

CHAPTER V - 7 SPECIAL TAXATION FOR RESTRUCTURING NATIONAL AGRICULTURAL COOPERATIVE FEDERATION

Article 121 - 23 (Special Taxation for Split - Off, etc. of National Agricultural Cooperative Federation)(1) Where the National Agricultural Cooperative Federation incorporated under the Agricultural Cooperatives Act (hereafter in this Article, referred to as the "National Agricultural Cooperative Federation"), is split off by not later than December 31, 2017 pursuant to Articles 161 - 2 and 161 - 10 through 161 - 12 of the Agricultural Cooperatives Act and Article 6 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522), this Act and the provisions governing split - off under the Corporate Tax Act, shall apply to such split - off, deeming that such split - off satisfies the requirements prescribed in Article 47 (1) of the Corporate Tax Act; and it shall not be deemed the supply of goods under Articles 9 and 10 of the Value - Added Tax Act. <Amended by Act No. 11873, Jun. 7, 2013; Act No. 12173, Jan. 1,

2014; Act No. 14481, Dec. 27, 2016 >

(2) Where the NongHyup Financial Group incorporated under Article 161 - 10 of the Agricultural Cooperatives Act (hereafter in this Article, referred to as "NongHyup Financial Group"), conducts an all - inclusive share swap as prescribed in Article 360 - 2 of the Commercial Act (hereafter in this Article, referred to as " all - inclusive share swap ") with the National Agricultural Cooperative Federation by not later than June 30, 2012, such all - inclusive share swap shall be deemed to have satisfied the requirements prescribed in Article 38 (1) 1. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 14481, Dec. 27, 2016 >

(3) Where the NongHyup Agribusiness Group incorporated under Article 161 - 2 of the Agricultural Cooperatives Act (hereafter in this Article, referred to as "NongHyup Agribusiness Group"), conducts an all - inclusive share swap with the National Agricultural Cooperatives Federation by not later than December 31, 2017, such all - inclusive share swap shall be deemed to have satisfied the requirements prescribed in Article 38 (1) 1. <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14481, Dec. 27, 2016 >

(4) Where the National Agricultural Cooperative Federation conducts an all - inclusive share swap with the NongHyup Agribusiness Group pursuant to paragraph (3), regarding stocks acquired in the course of a split - off under paragraph (1), the deferred taxation on the equivalent to capital gains on transfer of assets arising from such split - off, as included in its deductible expenses, may be re - deferred, as prescribed by Presidential Decree. <Newly Inserted by Act No. 12853, Dec. 23, 2014 >

(5) Articles 24, 25, and 52 of the Corporate Tax Act shall not apply to money, goods, or services that the NongHyup Agribusiness Group or any of its subsidiaries incorporated by the split - off under Article 6 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522), pays or provides to a cooperative incorporated pursuant to the Agricultural Cooperatives Act (including members of a cooperative and cooperative joint business corporations) for any business prescribed by Presidential Decree. <Newly Inserted by Act No. 12853, Dec. 23, 2014 >

(6) For the purposes of Article 29 of the Corporate Tax Act, the National Agricultural Cooperative Federation may include the reserves for proper purpose business in its deductible expenses by up to the aggregate of the following amounts: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23,

[2014; Act No. 14481, Dec. 27, 2016](#)>

1. The amount of incomes referred to in Article 29 (1) 1 and (2) of the Corporate Tax Act;
2. The amount calculated by multiplying the amount of the agriculture support project charges paid by corporations that use “agricultural cooperative” in their title under Article 159 - 2 of the Agricultural Cooperatives Act, by the ratio prescribed by Ordinance of the Ministry of Strategy and Finance through consultation between the Minister of Strategy and Finance and the Minister of Agriculture, Food and Rural Affairs by between 70/100 and 100/100;
3. The amount calculated by multiplying income accruing from profit - making businesses, other than that specified in subparagraphs 1 and 2, by 50/100.
(7) For the purposes of Article 29 of the Corporate Tax Act, where the National Agricultural Cooperative Federation has included the amount prescribed by Presidential Decree, such as the amount of dividends to be paid to its members under Article 68 of the Agricultural Cooperatives Act, as the reserves for proper purpose business in a statement of tax adjustment, such amount shall be deemed included in deductible expenses and have been disbursed or used for the proper purpose business. [<Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014](#)>
(8) Article 52 of the Corporate Tax Act shall not apply to the agriculture support project charges that a corporation pays for the use of “agricultural cooperative” in its title under Article 159 - 2 of the Agricultural Cooperatives Act. [<Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14481, Dec. 27, 2016](#)>
(9) No valued - added tax shall be levied on the services provided by the National Agricultural Cooperative Federation using its title under Article 159 - 2 of the Agricultural Cooperatives Act. [<Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014](#)>
(10) The following electronic services shall be exempted from value - added tax until December 31, 2017: [<Amended by Act No. 14390, Dec. 20, 2016; Act No. 14481, Dec. 27, 2016](#)>
 1. Electronic services provided by the National Agricultural Cooperative Federation to the corporations referred to in Articles 161 - 2 and 161 - 10 through 161 - 12 of the Agricultural Cooperatives Act (including subsidiaries of the National Agricultural Cooperative Federation under Article 6 (3) of the Addenda to the Agricultural Cooperatives Act (Act No. 10522));

2. Electronic services provided by the NongHyup Bank under Article 134 - 4 of the Agricultural Cooperatives Act to the following corporations:

- (a) The National Agricultural Cooperative Federation;
- (b) The corporations referred to in Article 134 - 3 or 134 - 5 of the Agricultural Cooperatives Act.

(11) When calculating the tax base for educational tax of NongHyup Life Insurance and NongHyup Property & Casualty Insurance (hereafter in this paragraph, referred to as "NongHyup Insurance") under Article 161 - 12 (1) of the Agricultural Cooperatives Act, the amount of proceeds generated from contracts for mutual benefits entered into before incorporating the NongHyup Insurance, shall be disregarded. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14481, Dec. 27, 2016 >

[This Article Newly Inserted by Act No. 11133, Dec. 31, 2011]

CHAPTER V - 8 SPECIAL TAXATION TO RECOVER PUBLIC FUNDS

Article 121 - 24 (Special Taxation for Merger, Division, etc. to Recover Public Funds)(1)

If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act divides the financial holding company by not later than April 30, 2016, in order to recover public funds as provided under the Special Act on the Management of Public Funds, the provisions concerning division in this Act, the Corporate Tax Act, the Income Tax Act, and the Value - Added Tax Act shall apply to such division, deeming that the division fully satisfies the requirements of Article 46 (2) of the Corporate Tax Act, but Article 46 - 3 (3) and (4) of the Corporate Tax Act shall not apply to such division.

(2) If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act (including the financial holding companies established by division under paragraph (1); the same shall apply hereafter in this Article) merges a subsidiary of the financial holding company (referring to subsidiaries as defined under the Special Act on the Management of Public Funds; the same shall apply hereafter in this Article) with the

financial holding company by not later than April 30, 2016, in order to recover public funds under the Special Act on the Management of Public Funds, the provisions concerning division in this Act, the Corporate Tax Act, the Income Tax Act, and the Value - Added Tax Act shall apply to such merger, deeming that the merger fully satisfies the requirements of Article 44 (2) of the Corporate Tax Act, but Article 44 - 3 (3) and (4) of the Corporate Tax Act shall not apply to such merger.

(3) If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act merges a subsidiary of the financial holding company with the financial holding company by not later than April 30, 2016, in order to recover public funds as provided under the Special Act on the Management of Public Funds, tax adjustments made in relation to the subsidiary's stocks held by the financial holding company (including the amount transferred to the financial holding company established as a consequence of the division under paragraph (1), due to a failure to include in gross income or a failure to exclude from deductible expenses when calculating the income and tax base of the divided corporation for each business year in connection with the stocks transferred from the financial holding company, which is the corporation divided through the division under paragraph (1), to the financial corporation established as a consequence of the division, and the asset adjustment account created in relation to the subsidiary ' s stocks at the time of the division under paragraph (1)) shall be deemed to be entirely extinguished.

[This Article Newly Inserted by Act No. 12570, May 14, 2014]

CHAPTER V - 9 SPECIAL TAXATION FOR RESTRUCTURING OF NATIONAL FEDERATION OF FISHERIES COOPERATIVES

Article 121 - 25 (Special Taxation for Division, etc. of National Federation of Fisheries Cooperatives)(1) Where the National Federation of Fisheries Cooperatives established under the Fisheries Cooperatives Act (hereafter referred to as the “ National Federation of Fisheries Cooperatives ” in this Article) is divided by not later than December 31, 2016, the provisions concerning division in this Act and the Corporate Tax Act shall apply to such division, deeming that such division satisfies

the requirements of Article 47 (1) of the Corporate Tax Act, but the division shall not be deemed any supply of goods under Article 9 or 10 of the Value - Added Tax Act.

(2) Article 47 (2) 2 of the Corporate Tax Act shall not apply where a subsidiary newly established as a consequence of division under paragraph (1) (hereafter referred to as “ Suhyup Bank ” in this Article) disposes of the assets that it has succeeded to upon the division under paragraph (1) in order to repay funds prescribed by Presidential Decree, out of the public fund defined under subparagraph 1 of Article 2 of the Special Act on the Management of Public Funds (hereafter referred to as “ public fund ” in this Article).

(3) Articles 24, 25, and 52 of the Corporate Tax Act shall not apply to money, goods, or services that the Suhyup Bank pays or provides to cooperatives established under the National Federation of Fisheries Cooperatives (including members of such cooperatives) for any business prescribed by Presidential Decree.

(4) Where Article 29 of the Corporate Tax Act applies to the National Federation of Fisheries Cooperatives, it may include reserves for proper purpose business in deductible expenses up to the aggregate of the following amounts:

1. The amount of incomes referred to in Article 29 (1) 1 and 2 of the Corporate Tax Act;
2. The amount calculated by multiplying the amount of income from royalties charged to corporations that use “ fisheries cooperative ” in their title by the rate prescribed by Ordinance of the Ministry of Strategy and Finance through consultation between the Minister of Strategy and Finance and the Minister of Oceans and Fisheries within the range from 70/100 to 100/100;
3. The amount calculated by multiplying the income from profit - making businesses, other than the income specified in subparagraph 1 or 2, by 50/100.

(5) Where Article 29 of the Corporate Tax Act applies to the National Federation of Fisheries Cooperatives, the following amounts shall be deemed recognized as deductible expenses and disbursed or used for its proper purpose business, if it states such amounts as the reserve for proper purpose business in the statement of tax adjustment:

1. The amount prescribed by Presidential Decree, out of the dividends distributed by the National Federation of Fisheries Cooperatives to its members under Article 166

of the Fisheries Cooperatives Act;

2. The amount disbursed to repay the public fund prescribed by Presidential Decree.

(6) Article 52 of the Corporate Tax Act shall not apply to the royalties that a corporation pays for the use of “ fisheries cooperative ” , as prescribed by Presidential Decree.

(7) No value - added tax shall be imposed on the services provided by the National Federation of Fisheries Cooperatives using its title, as prescribed by Presidential Decree, by not later than December 31, 2017.

(8) No value - added tax shall be imposed on the following computer - related services provided by not later than December 31, 2017:

1. Computer - related services provided by the Suhyup Bank to cooperatives, as prescribed by Presidential Decree;
2. Computer - related services provided by the Suhyup Bank to the National Federation of Fisheries Cooperatives, as prescribed by Presidential Decree;
3. Computer - related services provided by the National Federation of Fisheries Cooperatives to the Suhyup Bank.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

CHAPTER V - 10 SPECIAL TAXATION FOR BUSINESS RESTRUCTURING PLANS

Article 121 - 26 (Special Taxation for Assets Sold by Domestic Corporations to Pay

Financial Debts)(1) Where a domestic corporation transfers its assets to any third person, on or before December, 2018, according to its business restructuring plan in the form prescribed by Presidential Decree (hereafter referred to as “ business restructuring plan ” in this Article), which shall include its plan to pay debts by deadline prescribed by Presidential Decree from the date of transfer of the assets (referring to the date prescribed by Presidential Decree if such assets are transferred under a long - term installment plan or the date on which any of the unavoidable causes prescribed by Presidential Decree terminates, if such cause has arisen; the same shall apply hereafter in this Article) in order to improve its financial soundness, the domestic corporation may choose to exclude an amount equivalent to the paid debts prescribed by Presidential Decree (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter referred to as “ amount

equivalent to gains on transfer ” in this Article), out of gains on the transfer of such assets, from its gross income during the relevant business year and three business years after the end of the relevant business years, but may include such amount in its gross income, in at least equal installments, during the subsequent three business years thereafter.

(2) In any of the following cases, a domestic corporation accorded special tax treatment under paragraph (1) shall include, in its gross income, the amount excluded from its gross income under paragraph (1) at the time it calculated the income for the business year in which the relevant cause arose, as prescribed by Presidential Decree. In such cases, the domestic corporation shall pay corporate tax plus an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as “ additional amount equivalent to interest ” in this Article), and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the domestic corporation fails to pay debts according to its business restructuring plan;
2. Where the debt ratio of the domestic corporation that has transferred assets exceeds the standard debt ratio during the period of three years after the transfer of assets;
3. Where the domestic corporation permanently closes the relevant business or is dissolved within three years from the date of transfer of the relevant assets, but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business: Provided, That no additional amount equivalent to interest shall be added, if any of the unavoidable causes prescribed by Presidential Decree exists;
4. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(3) A domestic corporation that implements its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) through (3), the time of transfer, scope of debts, determination of the debt ratio and the standard debt ratio, application for tax

reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 27 (Special Taxation for Assumption and Payment of Debts)(1) Where a stockholder or investor (limited to a corporate stockholder or investor; hereafter referred to as "stockholder, etc." in this Article) of a domestic corporation assumes or pays debts of the domestic corporation, and all stocks or equity shares held by the controlling stockholder or investor of the domestic corporation and related persons to such controlling stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) are transferred to any person prescribed by Presidential Decree, other than the related persons, by not later than December 31, 2018, according to the financial restructuring plan prescribed by Presidential Decree (hereafter referred to as "financial restructuring plan" in this Article), the debts assumed and paid by the stockholder, etc., of the debts of the domestic corporation, shall be included in deductible expenses up to the maximum amount prescribed by Presidential Decree, when calculating the income of such stockholder, etc. in the relevant year.

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

(3) If any of the following cases, a corporation subject to transfer who is accorded special tax treatment under paragraph (2) shall include, in its gross income, the amount excluded from its gross income at the time of calculating the amount of its income for the business year in which the relevant cause arose, as prescribed by Presidential Decree. In such cases, the corporation subject to transfer shall pay the

amount of the corporate tax reduction granted to the stockholders, etc. under paragraph (1) and the additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as “ additional amount equivalent to interest ” in this paragraph) in addition to corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the debt ratio of the corporation subject to transfer exceeds the standard debt ratio during the period of three years after the assumption and payment of debts;
2. Where the corporation subject to transfer permanently closes the relevant business or is dissolved within three years from the date of assumption and payment of debts, but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business: Provided, That neither corporate tax reduction granted to the stockholders, etc. under paragraph (1) nor an additional amount equivalent to interest shall be added, if any of the unavoidable causes prescribed by Presidential Decree exists;
3. Where all stocks or equity shares held by the controlling stockholder, etc. are not transferred to any person, other than the related persons prescribed by Presidential Decree, in accordance with the business restructuring plan;
4. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

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

(5) Gains obtained by other stockholders, etc. of a domestic corporation as a consequence of the assumption and payment of debts of the domestic corporation under paragraph (1), shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act: Provided, That the same shall not apply to any related persons prescribed by Presidential Decree, such as the stockholders, etc. who have assumed and paid the debts.

(6) A domestic corporation implementing its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), the scope of debts, scope of controlling stockholders, etc., criteria for deficits in assets, method of reporting such deficits, calculation of the debt ratio and the standard debt ratio, submission of statements on the transfer and acquisition of a corporation, filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 28 (Special Taxation for Corporate Tax, etc, Following Transfer of Assets of Stockholders, etc.)

(1) Where a domestic corporation accepts assets gratuitously conveyed by its stockholder or investor (hereafter referred to as “ stockholder, etc. ” in this Article) as a gift, on or before December 31, 2018, upon fully satisfying the following requirements, the domestic corporation may elect to exclude the value of the assets (limited to the amount that exceeds the deficit prescribed by Presidential Decree) from its gross income for three business years after the end of the relevant business year in which the date of acceptance of such assets falls, for the purposes of calculating the income of the relevant business year, and shall include such value in its gross income, in at least equal installments, during the subsequent three business years thereafter:

1. The stockholder, etc. shall convey assets as a gift and the corporation shall pay its debts according to the business restructuring plan prescribed by Presidential Decree (hereafter referred to as “ business restructuring plan ” in this Article);
2. The business restructuring plan shall include contents describing that the corporation will use the full amount (if there exists any inevitable cause prescribed by Presidential Decree, referring to using the full amount to pay debts on the day immediately following the date the relevant cause ceases to exist) of money by the deadline prescribed by Presidential Decree within the duration from the date such corporation accepts money to December 31, 2018, and use the full amount of the transfer price of assets, other than money, by the deadline prescribed by

Presidential Decree within the duration from the date of such assets are transferred (referring to the date prescribed by Presidential Decree, if such assets are transferred under a long - term installment plan) to December 31, 2018, to pay debts to any financial institution prescribed by Presidential Decree (hereafter referred to as “ financial institution ” in this Article and Article 121 - 29).

(2) A stockholder, etc. (limited to a corporation) that has conveyed an asset as a gift under paragraph (1) shall include the amount prescribed by Presidential Decree, out of the value (referring to the book value) of the conveyed asset, in deductible expenses for the purposes of calculating its income for the relevant business year.

(3) Where a stockholder, etc. transfers an asset held by him/her at the time he/she conveys an asset as a gift to a corporation under paragraph (1) and donates the transfer price for that asset to the corporation on or before December 31, 2018, the stockholder is eligible for a full exemption from capital gains tax on an amount equivalent to the donated amount prescribed by Presidential Decree (hereafter referred to as “ amount equivalent to gains from transfer ” in this Article), out of the gain accruing from the transfer of such asset, or may exclude the same amount from the gross income, as follows:

1. Residents: A tax exemption equivalent to 100/100 of the capital gains tax on an amount equivalent to gains from transfer;
2. Domestic corporations: Excluding an amount equivalent to gains from transfer from the gross income when calculating the amount of income for the relevant business year.

(4) In any of the following cases, a corporation that has accepted an asset conveyed as a gift under paragraph (1) shall include the amount excluded from the gross income under paragraph (1), as prescribed by Presidential Decree, when calculating the amount of income for the business year in which the relevant cause arose. In such cases, the corporation shall pay the amount of tax reduction or exemption granted to stockholders, etc. under paragraph (2) or (3) and an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as “ additional amount equivalent to interest ” in this paragraph) in addition to corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the corporation fails to pay debts according to the business restructuring plan;
2. Where the corporation ' s debt ratio exceeds the standard debt ratio during a three - year period after the payment of debts;
3. Where the corporation permanently closes the relevant business or is dissolved within three years from the date of acceptance of the asset conveyed as a gift under paragraph (1), but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business: Provided, That the reduced or exempted amount of tax under paragraph (2) or (3) and the additional amount equivalent to interest shall not be added, if any of the unavoidable causes prescribed by Presidential Decree exists;
4. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(5) Gains obtained by other stockholders, etc. of a corporation as the corporation accepts an asset gratuitously conveyed by the stockholders, etc. as a gift under paragraph (1) shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act: Provided, That the same shall not apply to the related persons prescribed by Presidential Decree to the stockholders, etc. who have conveyed such asset as a gift.

(6) A domestic corporation implementing its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), the time of transfer, calculation of the debt ratio and the standard debt ratio, filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 29 (Special Taxation for Gains from Debt Relief of Corporations

Implementing Corporate Restructuring Plans)(1) Where a domestic corporation implementing a corporate restructuring plan prescribed by Presidential Decree (hereafter in this Article, referred to as “ corporate restructuring plan ”), is partially relieved from its debts owed to a financial institution by not later than December 31,

2018, the equivalent to the relieved debts (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter in this Article, referred to as “gains from debt relief”), shall be excluded from gross income for the relevant business year and three subsequent business years after the end of the relevant business year, when calculating the amount of income, but such amount, in at least equal installments, shall be included in gross income for the subsequent three business years thereafter.

(2) Where a domestic corporation relieved from its debts under paragraph (1), falls under any of the following cases, the full amount excluded from gross income, shall be included in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises. In such cases, the domestic corporation shall pay an additional amount equivalent to the interest calculated as prescribed by Presidential Decree (hereafter in this paragraph, referred to as “additional amount equivalent to interest”) in addition to corporate tax; and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the domestic corporation permanently closes its business or is dissolved before it includes the full amount of the gains from debt relief in gross income, but a corporation prescribed by Presidential Decree, such as the merging corporation, does not succeed to the business: Provided, That no additional amount equivalent to interest shall be added, in extenuating circumstances prescribed by Presidential Decree, such as bankruptcy;
2. Where the approval of its corporate restructuring plan is revoked due to any of the grounds prescribed by Presidential Decree.

(3) A financial institution that relieves a person from a debt under paragraph (1) (including a debt relief through a debt - equity swap), shall include the equivalent to the relieved debt in deductible expenses, at the time of calculating the amount of income for the relevant business year. <Amended by Act No. 14390, Dec. 20, 2016>

(4) A domestic corporation implementing a corporate restructuring plan, shall annually submit the details of the corporate restructuring plan and a report on the outcomes of implementation of the plan, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(5) For the purposes of paragraphs (1) through (4), submitting statements of debt relief; filing applications for tax reduction or exemption; and other necessary matters, shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 30 (Special Taxation for Exchange of Stocks, etc. between Enterprises) (1)

Where the controlling stockholder or investor of a domestic corporation (hereafter referred to as “exchanged corporation” in this Article) and a related person to such stockholder or investor (hereafter referred to as “controlling stockholder, etc.” in this Article) transfer all stocks or equity shares (hereafter referred to as “stocks, etc.” in this Article) held by him/her on or before December 31, 2018 in accordance with a business restructuring plan prescribed by Presidential Decree (hereafter referred to as “business restructuring plan” in this Article) and acquires stocks, etc, of any domestic corporation (hereafter referred to as “transferred corporation for exchange” in this Article), other than the related persons prescribed by Presidential Decree to the exchanged corporation, in proportion to the holding ratio by either of the following methods, the imposition of capital gains tax on an amount equivalent to the gains from the transfer of such stocks, etc. (including the gains accruing to the transferred corporation for exchange and the controlling stockholder, etc. of the transferred corporation for exchange from the transfer) or corporate tax may be deferred until the stocks, etc. so acquired are disposed of (including inheritance or conveyance as a gift), as prescribed by Presidential Decree.

1. Acquiring the stocks, etc. held or newly issued by the transferred corporation for exchange;
2. Acquiring all stocks, etc. held by the controlling stockholder, etc. of the transferred corporation for exchange (limited to where the corporate groups (referring to the corporate groups defined under subparagraph 2 of Article 2 of the Monopoly Regulation and Fair Trade Act; the same shall apply hereafter in this Article) to which the exchanged corporation and the transferred corporation for exchange belong are different from one another).

(2) Where deficits in the assets found in the course of transfer and acquisition of the exchanged corporation under paragraph (1) 2 are added to the gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act, the exchanged

corporation shall not withhold income tax on the amount of disposal, notwithstanding the Income Tax Act.

(3) In any of the following cases, a stockholder, etc. who has transferred stocks, etc. of the exchanged corporation under paragraph (1) 2 shall either pay the amount of tax unpaid for the taxable year in which the relevant cause arose, or include the amount included in deductible expenses in gross income at the time of calculating the amount of income. In such cases, an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be paid in addition to the capital gains tax or corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act or Article 76 of the Income Tax Act:

1. Where a corporation engaging in the same type of business as that of the exchanged corporation becomes affiliated with the corporate group with which the exchanged corporation was affiliated, within five years after the end of the business year in which stocks, etc. were transferred;
2. Where the controlling stockholder, etc. re - hold stocks, etc. of the exchanged corporation again within five years after the end of the business year in which stocks, etc. were transferred;
3. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(4) Where a domestic corporation exchanges all stocks, etc. it acquired through spin - off defined under Article 47 of the Corporate Tax Act or an investment in kind under Article 47 - 2 of the same Act with the stocks, etc. of any other corporation pursuant to paragraph (1), the tax - deferred amount included in deductible expenses and equivalent to the gains from transfer of assets as at the time of the investment in kind or spin - off may be re - deferred, as prescribed by Presidential Decree.

(5) A domestic corporation implementing a business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (5), the scope of controlling stockholders, etc., methods of transfer and acquisition of stocks, etc., calculation of gains from transfer eligible for inclusion in deductible expenses, submission of

statements on the transfer and acquisition of stocks, etc., filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 31 (Special Taxation for Transfer of Redundant Assets following Merger)

(1) Where any assets become redundant in the course of a merger (including a division and merger, but limited to a merger of corporations engaging in the same type of business) between domestic corporations by not later than December 31, 2018 in accordance with a corporate restructuring plan prescribed by Presidential Decree (hereafter in this Article, referred to as “ corporate restructuring plan ”), and the merging corporation transfers the redundant assets within one year from the date the merger is registered, the merging corporation may exclude the amount calculated as prescribed by Presidential Decree, out of the gains from the transfer of such redundant assets (including gains on the valuation of such redundant assets upon the merger, or gains on the valuation of such redundant assets upon the division), from gross income, for the purposes of calculating the amount of income for the relevant business year. In such cases, the relevant amount shall be included in gross income, in at least equal installments, for three business years starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. <Amended by Act No. 14390, Dec. 20, 2016 >

(2) In any of the following cases, a domestic corporation accorded special tax treatment under paragraph (1) shall include the amount of tax calculated as prescribed by Presidential Decree, in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises. In such cases, the domestic corporation shall pay an additional amount equivalent to the interest calculated as prescribed by Presidential Decree in addition to corporate tax; and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Deleted; <by Act No. 14390, Dec. 20, 2016 >

2. Where the domestic corporation permanently closes the relevant business or is dissolved within three years from the date the merger is registered;

3. Where the approval of its corporate restructuring plan is revoked due to any of the grounds prescribed by Presidential Decree.

(3) A domestic corporation implementing a corporate restructuring plan, shall annually submit the details of the corporate restructuring plan and a report on the outcomes of implementation of the plan, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(4) For the purposes of paragraph (1), the scope of redundant assets; submitting statements of proceeds from transfer; and other necessary matters, shall be prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016 >

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 121 - 32 (Special Cases concerning Distribution Ratio of Stocks upon Merger under Corporate Restructuring Plan)

Where domestic corporations are merged (including a division and merger), by not later than December 31, 2018, under a corporate restructuring plan approved by the head of the competent ministry or agency pursuant to Article 10 of the Special Act on the Corporate Revitalization, "80/100" shall be construed as "70/100" for the purposes of Articles 44 (2) 2 and 46 (2) 2 of the Corporate Tax Act.

[This Article Newly Inserted by Act No. 14390, Dec. 20, 2016]

CHAPTER VI OTHER SPECIAL TAXATION

SECTION 1 Special Taxation for Legalization of Tax Base

Article 122 Deleted. <by Act No. 10406, Dec. 27, 2010 >

Article 122 - 2 Deleted. <by Act No. 8827, Dec. 31, 2007 >

Article 122 - 3 (Deduction of Medical Expenses, etc. for Compliant Business Operators)

(1) Where a compliant business operator (limited to business operators who have business income) referred to in Article 59 - 4 (9) of the Income Tax Act who fully meets the following requirements (hereafter referred to as "compliant business operator" in this Article), or a business operator subject to confirmation of compliant filing under Article 70 - 2 (1) of the Income Tax Act who has submitted a certificate of confirmation of compliant filing, disburses medical expenses and educational

expenses under Article 59 - 4 of the Income Tax Act (2) and (3) (excluding Article 59 - 4 (3) 2 (c)) of the same Act, by not later than the taxable year in which December 31, 2018 falls, the compliant business operator or the business operator subject to confirmation of compliant filing is entitled to deduction of an amount equivalent to 15/100 of such disbursed amount (hereafter referred to as "amount of tax credits, including medical expenses" in this Article) from the amount of income tax (applicable only to the income tax on business income; the same shall apply hereafter in this paragraph) for the relevant taxable year: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10631, May 19, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12031, Aug. 13, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

1. The business operator shall apply the double - entry bookkeeping system pursuant to Article 160 (1) of the Income Tax Act in keeping, and making entries in, account books, calculating his/her income, and filing a return (excluding the relevant taxable period, where it is decided to make an estimated assessment pursuant to the proviso to Article 80 (3) of the Income Tax Act);
2. The amount declared in the return as revenue for the relevant taxable period shall exceed 90/100 of the average amount of revenue for three immediately preceding taxable periods: Provided, That the same shall not apply where the revenue has increased due to a cause prescribed by Presidential Decree, such as relocation of the place of business or change of the type of business;
3. The business operator shall have engaged in the business for at least three consecutive years as at the first day of the relevant taxable period;
4. The business operator shall meet the requirements prescribed by Presidential Decree, considering the past records of default on national taxes, punishment for tax evasion, breaches of the duty to issue and receive tax invoices, account statements, etc., and omission of income amount.

(2) Deductible medical expenses under paragraph (1) shall be calculated by applying mutatis mutandis Article 59 - 4 (2) of the Income Tax Act. In such cases, "amount of gross wages or salaries" in Article 59 - 4 (2) 1 and 2 of the Income Tax Act shall be construed as "amount of business income." <Amended by Act No. 12173, Jan. 1, 2014>

(3) Where a compliant business operator whose global income added to the tax base of global income for the relevant taxable year is not more than 60 million won pays

monthly rents defined under Article 95 - 2 of the Income Tax Act until the taxable year in which December 31, 2015 falls, the compliant business operator is entitled to deduction of an amount equivalent to 10/100 of the monthly rents paid (hereafter referred to as "tax credit for monthly rents" in this Article) from the income tax for the relevant taxable year. In such cases, the monthly rents that exceed 7,500,000 won shall be deemed nil. <Amended by Act No. 12853, Dec. 23, 2014>

(4) If the sum of the tax credit for medical expenses and the tax credit for monthly rents exceeds the income tax of a business operator for the relevant tax year, the excess amount shall be deemed nil. <Newly Inserted by Act No. 12853, Dec. 23, 2014>

(5) If either of the following events occurs to a business operator who has obtained tax credits under paragraph (1) or (3), the full amount equivalent to such tax credits shall be additionally levied: <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

1. If the revenue understated for the relevant taxable period amounts to at least 20/100 of the amount rectified later (including corrections by filing a return for correction);
2. If incurred expenses overstated at the time of calculating the business income for the relevant taxable period amounts to at least 20/100 of the incurred expenses rectified later (including corrections by filing a return for correction).

(6) A business operator on whom tax has been levied additionally under paragraph (5) is not entitled to the deductions under paragraph (1) or (3) for three taxable periods from the taxable period immediately following the taxable period in which such tax has been additionally levied. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

(7) Except as otherwise expressly provided for in paragraphs (1) through (6), the criteria for determining whether a business operator meets the requirements of the items of paragraph (1) 1, the procedure for filing applications for deduction, and other necessary matters shall be prescribed by Presidential Decree. <Amended by Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 122 - 4 (Tax Credits for Increased Revenue, etc. of Gold Business Operators and Business Operators of Scrap, etc.)(1) Where the gross income or deductible

expenses received or paid by a gold business operator (limited to a business operator who intends to supply, or to be supplied with, the products referred to in Article 106 - 4 (1) 3, or a business operator who intends to import such products) or a business operator of scrap, etc. through his/her gold trading account or account for trading scrap, etc. pursuant to Article 106 - 4 or 106 - 9 (hereafter in this paragraph, referred to as "gross income or deductible expenses received or paid by a purchaser"), are included in the gross income or deductible expenses declared in his/her tax return for each place of business (hereafter in this paragraph, referred to as "gross income or deductible expenses"), the business operator may be eligible for an option to have a tax credit for any of the following amounts for income tax or corporate tax for the relevant taxable year until the taxable years that end as at December 31, 2018. In such cases, no tax credit shall exceed the amount computed by deducting the amount of global income or corporate tax calculated for the immediately preceding taxable year, from the amount of global income or corporate tax calculated for the relevant taxable year: <Amended by Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. If the total amount of gross income and deductible expenses paid by the purchaser declared in his/her tax return for each place of business, exceeds the total amount of gross income and deductible expenses paid by the purchaser for the immediately preceding year: An amount calculated by multiplying the ratio of the equivalent to 50/100 of such excess (which shall not exceed the total of the increased amount of gross income and deductible expenses for each place of business) to the total amount of gross income and deductible expenses, by the amount of global income or corporate tax calculated. In such cases, where the total amount of gross income and deductible expenses paid by the purchaser, does not exist for the immediately preceding taxable year, the total amount of gross income and deductible expenses for the immediately preceding year shall be deemed the total amount of gross income and deductible expenses paid by the purchaser for the immediately preceding year;
2. An amount calculated by multiplying the ratio of the equivalent to 5/100 of the total amount of gross income and deductible expenses paid by the purchaser declared in his/her tax return for each place of business to the total amount of gross income and deductible expenses, by the amount of global income or

corporate tax calculated.

(2) For the purposes of paragraph (1), methods for calculating the amount of tax credits, and other necessary matters, shall be prescribed by Presidential Decree.

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

[This Article Newly Inserted by Act No. 11759, May 10, 2013]

Article 123 Deleted. <by Act No. 6762, Dec. 11, 2002>

Article 124 Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 125 Deleted. <by Act No. 6762, Dec. 11, 2002>

Article 126 Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 126 - 2 (Income Deduction for Amount Spent on Credit Cards, etc.)(1) Where an annual aggregate (excluding any amount spent overseas) of the following amounts (hereafter in this Article, referred to as "amount spent on credit cards, etc.") spent by a resident who has earned income (excluding daily employed workers; hereafter in this Article, the same shall apply) for goods or services he/she is supplied with by not later than December 31, 2018 from a corporation (including a foreign corporation 's place of business in the Republic of Korea) or from a business operator referred to in Article 1 - 2 (1) 5 of the Income Tax Act (including a non - resident 's place of business in the Republic of Korea), exceeds 25/100 (hereafter in this Article, referred to as "minimum amount used") of the total amount of wages for the relevant taxable year under Article 20 (2) of the Income Tax Act, the resident is entitled to deduct an amount (hereafter in this Article, referred to as "income deduction for credit cards, etc.") calculated by the formula specified in paragraph (2), from the amount of his/her earned income for the relevant taxable year: <Amended by Act No. 11133, Dec. 31, 2011; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016>

1. Amount paid for goods or services using a credit card defined in Article 2 of the Specialized Credit Finance Business Act;
2. Amount stated in a cash receipt issued under Article 126 - 3 (including cash transactions confirmed pursuant to Article 126 - 5; hereafter in this Article,

referred to as "cash receipt");

3. Deleted;<by Act No. 11614, Jan. 1, 2013>

4. Amount paid for goods or services using a debit card or prepaid card (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered prepaid card") defined in Article 2 of the Specialized Credit Finance Business Act, or an electronic debit payment instrument, an electronic prepaid instrument (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered electronic prepaid instrument"), or electronic cash (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered electronic cash") defined in Article 2 of the Electronic Financial Transactions Act.

(2) The amount of income deduction for credit cards, etc. shall be determined by subtracting the amount of subparagraph 5 from the aggregate of the amounts of subparagraphs 1 through 4, but shall not exceed the amount calculated under paragraph (10):<Amended by Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. The aggregate of the amounts referred to in paragraph (1) 1, 2, and 4, which are paid for goods or services provided by a corporation or business operator (excluding a corporation or business operator prescribed by Presidential Decree) within traditional markets defined in subparagraph 1 of Article 2 of the Special Act on the Development of Traditional Markets and Shopping Districts and traditional market zones prescribed by Presidential Decree (hereafter in this paragraph, referred to as "amount spent in traditional markets") $\times 30/100$;

2. The aggregate of the amounts referred to in paragraph (1) 1, 2 and 4, which are paid as the cost for using the mass transit defined in the Act on the Support and Promotion of Utilization of Mass Transit System (hereafter in this paragraph, referred to as "amount spent for mass transit") $\times 30/100$;

3. Amounts referred to in paragraph (1) 2 and 4 (excluding the amount included in the amount spent in traditional markets and the amount spend for mass transit; hereafter in this paragraph, referred to as "amount spent on debit cards, etc. ") $\times 30/100$;

4. The aggregate of the amounts spent on credit cards, etc. less the amount spent in traditional markets, the amount spend for mass transit, and the amount spent on debit cards, etc. (hereafter in this paragraph, referred to as "amount spent on credit cards") $\times 15/100$;

5. Either of the following amounts:

(a) Where the minimum amount used is less than or same as the amount spent on credit cards: Minimum amount used $\times 15/100$;

(b) Where the minimum amount used exceeds the amount spent on credit cards: Amount spent on credit cards $\times 15/100 +$ (minimum amount used - amount spent on credit cards) $\times 30/100$;

6. and 7. Deleted. <by Act No. 14390, Dec. 20, 2016 >

(3) For the purposes of paragraph (1), the amount spent on credit cards, etc. by the spouse or lineal ascendants or descendents (including the spouse's lineal ascendants) of a resident who has earned income, being a person prescribed by Presidential Decree, may be added to the income deduction for credit cards, etc. of the resident. <Amended by Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(4) If any of the following applies to the amount spent on credit cards, etc., such amount shall not be added to the amount spent on credit cards, etc. for the purposes of paragraph (1): Provided, That, in cases falling under subparagraph 3, if a used motor vehicle prescribed by Presidential Decree is purchased using a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt, the amount prescribed by Presidential Decree, out of the purchase price of the used motor vehicle, shall be included in the amount spent on credit cards, etc.: <Amended by Act No. 14390, Dec. 20, 2016 >

1. Where such amount is disbursed as expenses relating to business income, or expenses of a corporation;

2. Where such amount is disbursed through the fraudulent use of a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt prescribed by Presidential Decree, such as feigning sale of goods or supply of services;

3. Where a motor vehicle is purchased using a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt;

4. Other cases prescribed by Presidential Decree.

(5) For the purposes of paragraph (4) 2, where the withholding agent referred to in Article 127 (7) of the Income Tax Act pays the amount of tax short of the amount of tax to be withheld at source due to grounds prescribed by Presidential Decree, no additional tax calculated under Article 47 - 5 (1) of the Framework Act on National Taxes shall be levied. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011 >

(6) The Commissioner of the National Tax Service may order credit card companies defined in Article 2 of the Specialized Credit Finance Business Act, electronic finance business entities and subsidiary electronic finance business entities defined in Article 2 of the Electronic Financial Transactions Act, to engage in activities necessary for income deductions for the amount spend on credit cards, etc., such as giving written notice of amounts used on credit cards, etc.

(7) Any person who intends to be granted an income deduction under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(8) The amount spent on credit cards, etc. shall be the aggregate of the amounts used, recorded, or paid during the pertinent taxable period.

(9) Methods for verifying the amount spent on credit cards, etc. deductible from income; procedures for collecting data related to income deduction; and other matters necessary for income deduction for the amounts spent on credit cards, etc., shall be prescribed by Presidential Decree. <Amended by Act No. 11133, Dec. 31, 2011 >

(10) No amount of income deduction for credit cards, etc. referred to in paragraph (2), shall exceed any of the following amounts: Provided, That, if an amount of income deduction for credit cards, etc., exceeds any of the following amounts, the smaller of such excess and of the aggregate of the amounts of paragraph (2) 1 and 2 (the amounts of paragraph (2) 1 and 2 shall not exceed one million won per year, respectively), shall be added to the amount of income deduction for credit cards, etc.: <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

1. Where the total amount of wages for the relevant taxable year, does not exceed 70 million won: The smaller of 3,000,000 won per year and the equivalent to

- 20/100 of the total amount of wages for the relevant taxable year;
2. Where the total amount of wages for the relevant taxable year, exceeds 70 million won, but not exceeding 120 million won: 2,500,000 won per year (or 3,000,000 won per year for the taxable years that end as at December 31, 2017);
 3. Where the total amount of wages for the relevant taxable year, exceeds 120 million won: 2,000,000 won per year.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 126 - 3 (Special Taxation for Cash Receipt Service Operators and Cash Receipt Merchants)

(1) A cash receipt service operator who has obtained approval for providing cash receipt service from the Commissioner of the National Tax Service, as prescribed by Presidential Decree, being a business operator equipped with the system capable of approving and transmitting cash receipt settlement by wire (hereafter in this Article, referred to as "cash receipt service operator"), may be offered a tax deduction from the amount of the value - added tax to be paid for the relevant taxable period, or may be given back as part of the refunded amount of tax, up to the amount prescribed by Presidential Decree depending on the number of installed cash receipt - issuing machines prescribed by Presidential Decree, the number of cash receipt account settlement of the operators who have cash receipt - issuing machines connected with credit card terminals, etc. (hereafter in this Article, referred to as "cash receipt merchant"), and the number of payment statements submitted in the manner provided for in the latter part of Article 164 (3) of the Income Tax Act.

(2) A cash receipt merchant referred to in paragraph (1) who issues cash receipts defined in paragraph (4) (limited to cash receipts for less than 5,000 won for each transaction, and referring to cash receipts approved for issuance through the telephone network), shall be entitled to tax credits equivalent to an amount calculated by multiplying the number of cash receipts issued during the pertinent taxable period by the amount prescribed by Presidential Decree (hereafter in this Article, referred to as "tax credit amount") for the amount of income tax calculated for the pertinent taxable period. In such cases, no tax credit amount shall exceed the amount of tax calculated. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 12173, Jan. 1, 2014>

(3) A cash receipt service operator shall forward the Commissioner of the National Tax Service the details of cash settlement, such as the date, time, and amount of trading, the identity of the traders, and the personal information on cash receipt merchants, as prescribed by Presidential Decree.

(4) "Cash receipt" in paragraph (1), means a receipt, which, in cases of cash settlement, a cash receipt merchant issues a person supplied with goods or services by means of cash receipt - issuing machines in exchange for the supply of such goods or services, stating the details of the settlement, such as the date, time, amount, etc. of the trading.

(5) If necessary to give tax deductions to persons receiving cash receipts or otherwise to operate the cash receipt system, the Commissioner of the National Tax Service may request the providers and users of credit information defined in Article 2 of the Credit Information Use and Protection Act to furnish their names, resident registration numbers, and other information prescribed by Presidential Decree, under Article 23 of the same Act. <Amended by Act No. 14390, Dec. 20, 2016>

(6) The methods for issuing cash receipts; the cash receipt form; methods and procedures for granting tax credits under paragraph (2); and other necessary matters for operating the cash receipt system, shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 126 - 4 Deleted. <by Act No. 14390, Dec. 20, 2016>

Article 126 - 5 (Confirmation, etc. of Cash Transactions)(1) Where a person supplied with goods or services by a business operator prescribed by Presidential Decree fails to be issued a Cash Receipt referred to in Article 126 - 3 (3) in spite of the cash settlement of the price thereof, he/she shall be deemed issued a Cash Receipt in accordance with Article 126 - 3 (3) when obtaining to the confirmation of such cash transaction from the head of the competent tax office, as prescribed by Presidential Decree.

(2) Where a Cash Receipt is deemed issued in accordance with paragraph (1), the relevant amount shall not be subject to the tax credit for the use of credit card, etc. pursuant to Article 46 (1) and (2) of the Value - Added Tax Act with respect to the business operator who has failed to issue such Cash Receipt. <Amended by Act No.

[11873, Jun. 7, 2013](#)>

(3) Except as otherwise expressly provided for in paragraphs (1) and (2), the report of cash transaction, the methods of the confirmation thereof, and other necessary matters shall be prescribed by Presidential Decree.

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 126 - 6 (Tax Credits for Expenses Incurred in Verifying Compliant Filing) (1)

Where a business operator subject to verification of compliant filing pursuant to Article 70 - 2 (1) of the Income Tax Act submits a certificate of confirmation of compliant filing, the business operator is entitled to deduct an amount equivalent to 60/100 of the expenses directly incurred in verifying his/her compliant filing from income tax (applicable only to income tax on business income (including the income incurred in a real estate leasing business under Article 45 (2) of the Income Tax Act)) of the relevant taxable year: Provided, That a ceiling on the deductible tax amount shall be prescribed by Presidential Decree within one million won.

<Amended by Act No. 11614, Jan. 1, 2013>

(2) Where a business operator granted a tax deduction under paragraph (1) understates the amount of business income in the relevant taxable year and the amount of the understated business income amounts to at least 10/100 of the amount of the corrected business income (including a correction by filing a revised return), the full amount of the tax deducted under paragraph (1) shall be levied.

(3) A business operator whose business income is corrected under paragraph (2) shall not be entitled to tax credits for expenses incurred in verifying compliant filing for three taxable years from the taxable year immediately following the taxable year in which business income is corrected.<Amended by Act No. 12853, Dec. 23, 2014>

(4) A person who intends to obtain a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

[\[This Article Newly Inserted by Act No. 10631, May 19, 2011\]](#)

Article 126 - 7 (Special Taxation for Gold Bullion Traded in Spot Gold Markets)(1) No

value - added tax shall be levied on the supply of any of the following gold bullion prescribed by Presidential Decree (hereafter referred to as "gold bullion" in this Article):

1. Gold bullion first supplied by a gold bullion supplier prescribed by Presidential Decree (hereafter referred to as "gold bullion supplier" in this Article) through transactions in the spot gold market (hereafter referred to as "spot gold market" in this Article) established and operated by the Korea Exchange permitted under Article 373 - 2 (1) of the Financial Investment Services and Capital Markets Act (hereafter referred to as the "Korea Exchange" in this Article) after depositing it in a safekeeping agency prescribed by Presidential Decree (hereafter referred to as "safekeeping agency" in this Article);
2. Gold bullion, the transactions of which are made in the spot gold market after being supplied pursuant to subparagraph 1.
 - (2) Where a gold bullion supplier supplies gold bullion under paragraph (1) 1, the input tax amount of value - added tax borne by the gold bullion supplier for the gold bullion shall be deemed deductible input tax amount under Article 38 of the Value - Added Tax Act, notwithstanding Article 39 of the same Act. In such cases, the gold bullion supplier is eligible for special tax treatment concerning the deduction or refund of input tax amount of value - added tax by using his/her account for trading gold referred to in Article 106 - 4, as prescribed by Presidential Decree.
 - (3) A gold bullion supplier shall issue a tax invoice at the time of supplying gold bullion under paragraph (1) 1 stating the relevant safekeeping agency as the person supplied with the gold bullion, as prescribed by Presidential Decree. In such cases, where the payment for the gold bullion supplied under paragraph (1) 1 is made, the safekeeping agency shall pay the value of gold bullion in the manner of depositing only the amount referred to in Article 106 - 4 (3) 1, less the amount referred to in Article 106 - 4 (3) 2, as prescribed in Article 106 - 4 (3).
 - (4) Where the gold bullion deposited in a safekeeping agency is supplied from the spot gold market through a transaction, and is withdrawn from the safekeeping agency, the withdrawal of the relevant gold bullion shall be deemed the supply of goods under Article 9 of the Value - Added Tax Act. In such cases, the safekeeping agency shall collect the amount computed by applying the tax rate provided for in Article 30 of the Value - Added Tax Act to the tax base which is the value of supply prescribed by Presidential Decree (hereafter referred to as "amount of value - added tax" in this Article) from a person who withdraws the gold bullion and shall pay the amount so collected.

(5) Notwithstanding the latter part of paragraph (4), where a person who withdraws gold bullion is a gold business operator referred to in Article 106 - 4 (1), the person may pay the value - added tax pursuant to Article 106 - 4 (3). In such cases, the person shall make a payment in the manner of depositing only the amount of value - added tax, less the amount referred to in Article 106 - 4 (3) 1.

(6) For the purposes of paragraphs (1) and (4), safekeeping agencies shall be deemed entrepreneurs under the Value - Added Tax Act, and gold business operators referred to in Article 106 - 4 (1) within the scope prescribed by Presidential Decree.

(7) No invoice referred to in Article 163 of the Income Tax Act or Article 121 of the Corporate Tax Act shall be issued for the gold bullion traded in the spot gold market under paragraph (1) 2.

(8) Where a gold bullion supplier deposits gold bullion in a safekeeping agency and supplies the relevant gold bullion in the spot gold market by not later than December 31, 2017 through transactions, or where an entrepreneur who has bought gold bullion in the spot gold market (hereafter referred to as "gold bullion buyer" in this paragraph) withdraws the relevant gold bullion from the safekeeping agency by not later than December 31, 2017, the value of supply or purchase price (hereafter referred to as "amount used in the spot gold market" in this paragraph. If the gold bullion supplier and the gold bullion buyer are in special relationship prescribed by Presidential Decree, the relevant amount shall be excluded) which is computed by either of the following methods shall be deducted from the income tax (applicable only to the income tax on business income; hereafter the same shall apply in this paragraph) or corporate tax for the taxable year in which the date of supply or purchase (referring to the time of supply of goods under Article 15 of the Value - Added Tax Act) falls: Provided, That if the amount used in the spot gold market during the immediately preceding taxable year is less than the amount used during the year before the immediately preceding taxable year, an amount computed under subparagraph 2 shall be deducted from the income tax or corporate tax of the relevant taxable year: <Amended by Act No. 13560, Dec. 15, 2015 >

1. Where the amount used in the spot gold market exceeds the amount used in the spot gold market during the immediately preceding taxable year, an amount computed by multiplying the calculated amount of global income tax or corporate tax by the ratio of the excess amount (hereafter referred to as "excess portion of

amount used" in this subparagraph) to the sales of the relevant taxable year: Provided, That where the gold bullion supplier or the gold bullion buyer has no amount used in the spot gold market during the immediately preceding taxable year, and utilizes the spot gold market for the first time, the amount used in the spot gold market during the relevant taxable year shall be deemed the excess portion of the amount used;

2. An amount calculated by multiplying the calculated amount of global income tax or corporate tax by the ratio of an amount equivalent to 5/100 of the amount used in the spot gold market during the relevant taxable year to the sales of the relevant taxable year.

(9) No customs duties shall be levied on gold bullion, the import declaration of which is filed by a gold bullion supplier prescribed by Presidential Decree by not later than December 31, 2017 for transactions in the spot gold market. <Amended by Act No. 13560, Dec. 15, 2015 >

(10) A person exempt from customs duties under paragraph (9) shall deposit the relevant gold bullion in a safekeeping agency and conduct transactions in the spot gold market, as prescribed by Presidential Decree.

(11) Where a person exempt from customs duties under paragraph (9) fails to fulfill the requirements of paragraph (10), or transfers the customs duty - free gold bullion (including lease thereof), or withdraws it without conducting transactions in the spot market after depositing it in a safekeeping agency, the head of the competent regional customs house shall collect such customs duties, as prescribed by Presidential Decree.

(12) Persons prescribed by Presidential Decree, such as the Korea Exchange and safekeeping agencies, shall maintain and keep custody of detailed statements, etc. on deposit, transactions, safekeeping, and withdrawal of gold bullion (hereafter referred to as "particulars of transaction, etc." in this Article), as prescribed by Presidential Decree, and shall submit the relevant data if the Commissioner of the National Tax Service or the Commissioner of the Korea Customs Service (including the heads of the competent tax offices and regional customs houses) requests data necessary for taxation from them. In such cases, the particulars of transaction, etc. of gold bullion shall be deemed supporting documents referred to in Article 160 - 2 (2) of the Income Tax Act or Article 116 (2) of the Corporate Tax Act.

(13) The following matters shall be prescribed by Presidential Decree:

1. Procedures for transactions, such as supply of gold bullion through transactions in the spot gold market, and for deposit of gold bullion in, and the withdrawal thereof from, safekeeping agencies, return and payment of value - added tax, and other necessary matters for the purposes of paragraphs (1) through (7);
2. Matters necessary for calculating the amount of tax credits, etc., and filing applications for tax credits for the purposes of paragraph (8);
3. Procedures for filings applications for tax exemptions, documents to be submitted, and other necessary matters for the purposes of paragraphs (9) through (11).

[This Article Newly Inserted by Act No. 12173, Jan. 1, 2014]

SECTION 2 Restriction, etc. of Special Taxation

Article 127 (Elimination of Duplicative Support)(1) Where any of Articles 5, 11, 24, 25, 25 - 2 through 25 - 5, 26, 94, and 104 - 18 (2), applies to an asset invested by a national under this Act, the following amounts shall be deducted from the amount so invested or acquired: <Newly Inserted by Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

1. Where the national receives contributions or other assets from any of the following entities, including the State (hereafter in this Article, referred to as the "State, etc."), for investing in assets, and invests them: The equivalent to the amount of contributions and other assets invested:
 - (a) The State;
 - (b) A local government;
 - (c) A public institution under the Act on the Management of Public Institutions;
 - (d) A local public enterprise under the Local Public Enterprises Act;
2. Where the national obtains a loan from any finance company, etc. falling under any item of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in this Article, referred to as "finance company, etc.") for investing in assets, and invests the loan, and the State, etc. fully or partially pays the interest payable to the finance company, etc. on behalf of such national: The equivalent to the interest paid by the State, etc., calculated as prescribed by Presidential Decree;

3. Where the national obtains a loan from the State, etc. for investing in assets, and invests it: The equivalent to the amount of subsidy for interest granted by the State, etc., calculated as prescribed by Presidential Decree.

(2) Where Articles 5, 11, 24, 25, 25 - 2 through 25 - 5, 26, 94, and 104 - 18 (2), concurrently apply to an asset invested by a national under this Act, or where Articles 26 and 29 - 5 or Articles 26 and 30 - 4, concurrently apply in the same taxable year, the national may choose only one of such provisions for application <Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(3) Where Articles 5, 11, 24, 25, 25 - 2 through 25 - 5, 26, 29 - 5, 30 - 4, 94, 104 - 14, 104 - 15, and 104 - 18 (2), apply to a national in the same taxable year to grant a reduction or exemption of income tax or corporate tax under Article 121 - 2 or 121 - 4, an amount calculated by multiplying the deductible amount of tax under the relevant provisions by the national investor ' s holding ratio of stocks or equity shares to the total number of outstanding stocks or total equity shares of the relevant enterprise, shall be deducted.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10068, Mar. 12, 2010; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(4) Where a national is eligible both for a reduction or exemption of income tax or corporate tax under any provision of Articles 6, 7, 12 - 2, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63, 63 - 2 (2), 64, 66 through 68, 85 - 6 (1) and (2), 104 - 24 (1), 121 - 8, 121 - 9 (2), 121 - 17 (2), 121 - 20 (2), 121 - 21 (2), and 121 - 22 (2), and for a deduction of income tax or corporate tax under any provision of Articles 5, 8 - 3, 11, 13 - 2, 24, 25, 25 - 2 through 25 - 6, 26, 30 - 4, 94, 104 - 14, 104 - 15, 104 - 18 (2), 104 - 22, 104 - 25, 122 - 4 (1), and 126 - 7 (8), in the same taxable year, the national may choose only one of such provisions for application.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

(5) Where at least two of the provisions regarding reducing or exempting income tax or corporate tax prescribed in Articles 6, 7, 12 - 2, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63, 63 - 2 (2), 64, 85 - 6 (1) and (2), 104 - 24 (1), 121 - 8, 121 - 9 (2), 121 - 17 (2), 121 - 20 (2), 121 - 21 (2), 121 - 22 (2), 121 - 2, and 121 - 4, apply to the same place of business of a national in the same taxable year, the national may choose only one of such provisions for application.<Amended by Act No. 9921, Jan. 1, 2010; Act No.

10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011>

(6) Where both the provisions regarding reducing or exempting acquisition tax or property tax prescribed in Articles 121 - 2 and 121 - 4, apply to the same place of business of a national in the same taxable year, the national may choose only one of such provisions for application.<Amended by Act No. 9921, Jan. 1, 2010; Act No. 10406, Dec. 27, 2010; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015>

(7) Where at least two provisions regarding reducing or exempting capital gains tax, concurrently apply to a resident ' s transfer of land, etc., only one provision for reduction or exemption selected by the resident shall apply: Provided, That, where part of land, etc. is subject to specific provisions for reduction or exemption, the remaining part of such land, etc. may be subject to other provisions for reduction or exemption.<Amended by Act No. 9921, Jan. 1, 2010>

(8) A resident who transfers land, etc. to any third person and is eligible both for Articles 77 and 85 - 7, may choose only one of them for application.<Amended by Act No. 9921, Jan. 1, 2010>

(9) A resident who transfers a house to any third person and is eligible both for Articles 98 - 2 and 98 - 3, may choose only one of them for application.<Amended by Act No. 9921, Jan. 1, 2010>

(10) For the purposes of paragraphs (3) and (4), if separate accounting is kept for the business eligible for tax reduction or exemption under Article 143 and any other business, and the provisions on deduction applies to such other business, such tax reduction or exemption and deduction shall not be deemed duplicative support.<Newly Inserted by Act No. 11614, Jan. 1, 2013>

Article 128 (Exclusion from Reduction and Exemption in Cases of Estimated Taxation,

etc.)(1) Articles 5, 7 - 2, 7 - 4, 10, 11, 12 (2), 12 - 3, 12 - 4, 13 - 2, 24, 25, 25 - 2 through 25 - 6, 26, 29 - 2 through 29 - 5, 30 - 2, 30 - 4, 94, 104 - 14, 104 - 15, 104 - 18, 104 - 25, 122 - 4 (1), and 126 - 7 (8), shall not apply where an amount of tax is estimated under the proviso to Article 80 (3) of the Income Tax Act or the proviso to Article 66 (3) of the Corporate Tax Act: Provided, That, even where an amount of tax is estimated, Articles 5 and 26 (limited to where evidentiary documents regarding investments are submitted), shall apply to residents. <Amended by Act No. 10068, Mar. 12, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1,

2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

(2) Articles 6, 7, 12 (1) and (3), 12 - 2, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63, 63 - 2 (2), 64, 66 through 68, 85 - 6 (1) and (2), 96, 102, 104 - 24 (1), 121 - 8, 121 - 9 (2), 121 - 17 (2), 121 - 20 (2), 121 - 21 (2), and 121 - 22 (2), shall not apply, where a tax base and an amount of tax are determined under Article 80 (1) of the Income Tax Act or Article 66 (1) of the Corporate Tax Act; or where a tax return is filed after the deadline set under Article 45 - 3 of the Framework Act on National Taxes. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

(3) Articles 6, 7, 12 (1) and (3), 12 - 2, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63, 63 - 2 (2), 64, 66 through 68, 85 - 6 (1) and (2), 96, 102, 104 - 24 (1), 121 - 8, 121 - 9 (2), 121 - 17 (2), 121 - 20 (2), 121 - 21 (2), and 121 - 22 (2), shall not apply to the under - reported amount prescribed by Presidential Decree, where a correction (excluding any correction made due to any of the causes referred to under paragraph (4)) is made under Article 80 (2) of the Income Tax Act or Article 66 (2) of the Corporate Tax Act; and where a revised tax return is filed, foreknowing that the tax base and amount of tax filed will be corrected. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

(4) Where a business operator falls under any of the following cases, Articles 6, 7, 12 (1) and (3), 12 - 2, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63, 63 - 2 (2), 64, 66 through 68, 85 - 6 (1) and (2), 96, 102, 104 - 24 (1), 121 - 8, 121 - 9 (2), 121 - 17 (2), 121 - 20 (2), 121 - 21 (2), and 121 - 22 (2), shall not apply to his/her place of business for the relevant taxable period: Provided, That the same shall not apply where the business operator has good cause for his/her failure to perform the duty specified in subparagraph 1 or 2: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014 >

1. Where the business operator fails to report his/her business account, in violation of Article 160 - 5 (3) of the Income Tax Act;
2. Where the business operator fails to become a cash receipt merchant, in violation of Article 162 - 3 (1) of the Income Tax Act or Article 117 - 2 (1) of the Corporate Tax Act;

3. Where the business operator, being a credit card merchant under Article 162 - 2 (2) of the Income Tax Act and Article 117 of the Corporate Tax Act, or a cash receipt merchant under Article 162 - 3 (1) of the Income Tax Act or Article 117 - 2 of the Corporate Tax Act, falls under the occasions prescribed by Presidential Decree, taking account of the frequency, amount, etc., and where:

- (a) The business operator refuses to transact by a credit card or issues a false credit card sales slip;
- (b) The business operator refuses a request to issue a cash receipt or issues a false cash receipt.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 129 (Exclusion, etc. from Reduction or Exemption of Capital Gains Tax)(1)

Where a transaction party who trades any asset referred to in Article 94 (1) 1 and 2 of the Income Tax Act enters the different transaction price in the transaction contract from the actual transaction price, non - taxation, reduction or exemption on the capital gains tax under this Act shall be restricted pursuant to Article 91 (2) of the Income Tax Act. <Newly Inserted by Act No. 10406, Dec. 27, 2010>

(2) The provisions of non - taxation, reduction or exemption of capital gains tax shall not be applicable to the unregistered transfer assets under Article 104 (3) of the Income Tax Act.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 130 (Exclusion from Tax Reduction or Exemption for Investment in Over -

Concentration Control Region of Seoul Metropolitan Area)(1) Articles 5 (1) 1 and 2, 24 (1) 1 and 2, 25 (excluding paragraph (1) 7 and 9 of the same Article, and limited to investments made by small or medium enterprises since 1990), and 25 - 5, shall not apply to fixed business assets (excluding any digital broadcasting equipment prescribed by Presidential Decree and any information and communications equipment prescribed by Presidential Decree) acquired to use at the place of business located within the over - concentration control region of the Seoul Metropolitan area, which constitute the enlarged investment prescribed by Presidential Decree, by any national operating his/her business within the over - concentration control region of the Seoul Metropolitan area as at December 31, 1989, and by any small or medium enterprise that commences its business at the place of

business newly established within the over - concentration control region of the Seoul Metropolitan area or relocates its existing place of business (including the place of business established as at December 31, 1989; hereafter in this Article, the same shall apply) into such area as of January 1, 1990 (hereafter in this paragraph, referred to as "small or medium enterprise, etc. since 1990"): Provided, That this shall not apply where the enlarged investment is made within any industrial complex or industrial area prescribed by Presidential Decree. <Amended by Act No. 14390, Dec. 20, 2016>

(2) Where any entity, who is not a small or medium enterprise, commences its business at the place of business place newly established within the over - concentration control region of the Seoul Metropolitan area or relocates his/her existing place of business into such area as of January 1, 1990, Articles 24 (1) 1 and 2, 25 (excluding paragraph (1) 7 and 9 of the same Article), 25 - 5, shall not apply to fixed business assets (excluding any digital broadcasting equipment prescribed by Presidential Decree and information and communications equipment prescribed by Presidential Decree) acquired to use at the place of business within the over - concentration control region of the Seoul Metropolitan area. <Amended by Act No. 14390, Dec. 20, 2016>

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 131 Deleted. <by Act No. 6538, Dec. 29, 2001>

Article 132 (Exclusion from Tax Reduction or Exemption Less than Minimum Tax)(1) In calculating corporate tax on the income of a domestic corporation (excluding incorporated associations, etc. subject to Article 72 (1)) for each business year and on the income accruing from sources in the Republic of Korea to a foreign corporation subject to Article 91 (1) of the Corporate Tax Act for each business year (excluding corporate tax on the capital gains on transfer of land, etc. under Article 55 - 2 of the Corporate Tax Act; corporate tax on unappropriated earnings under Article 56 of the same Act; the amount of tax paid in addition to the corporate tax under Article 96 of the same Act; penalty tax; and the tax prescribed by Presidential Decree, collectible as a penalty; referring to corporate tax to which tax credits, etc. prescribed by Presidential Decree have not been applied), if the amount of tax after applying any of the following reductions, exemptions, etc., is less than

the amount of tax (hereinafter referred to as “ minimum corporate tax ”) calculated by multiplying the tax base (including the amount of the reserve referred to in subparagraph 1, which has been included in the gross income pursuant to relevant provisions; hereafter in this Article, referred to as "tax base") which has not been included in deductible expenses, and to which income deductions, etc. have not been applied under subparagraphs 1 and 2, by 17/100 ((or 12/100 for the portion of the tax base exceeding 10 billion won, but not exceeding 100 billion won; 10/100 for the portion of tax base not exceeding 10 billion won; 7/100 for small or medium enterprises (where a company first ceases to be classified as a small or medium enterprise, as prescribed by Presidential Decree, 8/100 for the three subsequent taxable years from the commencement date of the taxable year in which the company first ceases to be classified as a small or medium enterprise; and 9/10 for the two subsequent taxable years thereafter)), no reduction, exemption, etc. shall apply to the portion equivalent to such shortfall in the amount of tax: <Amended by Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016 >

1. The reserve for research and human resources development to be included in deductible expenses when calculating the amount of income for each business year under Article 9;
2. The amount of income deduction, the amount to be included in deductible expenses, the amount excluded from gross income, and non - taxable amount under Articles 8, 8 - 2, 10 - 2, 13, 14, 28, 28 - 2, 55 - 2 (4), 60 (2), 61 (3), 62 (1), 63 - 2 (5), and 136 (1);
3. The amount of tax credits under Articles 5, 7 - 2, 7 - 4, 8 - 3, 10 (limited to an entity that is not a small or medium enterprise; hereafter in this Article, the same shall apply), 11, 12 (2), 12 - 3, 12 - 4, 13 - 2, 24, 25, 25 - 2 through 25 - 6, 26, 29 - 2 through 29 - 5, 30 - 2, 30 - 4, 31 (6), 32 (4), 94, 104 - 8, 104 - 14, 104 - 15, 104 - 18, 104 - 22, 104 - 25, 122 - 4 (1), and 126 - 7 (8);
4. Corporate tax exemptions or reductions under Articles 6, 7, 12 (1) and (3), 12 - 2, 21, 31 (4) and (5), 32 (4), 33 - 2, 62 (4), 63 (excluding relocation to an area outside of the Seoul Metropolitan area), 64, 68 (limited to income from any source other than crop - cultivating business), 96, 102, and 121 - 22.

(2) In calculating the income tax on the business income of a resident (including income accruing from a real estate lease business if such business is subject to Article 16; hereafter in this paragraph, the same shall apply), and on the income of a non - resident accruing at his/her place of business in the Republic of Korea (excluding the penalty tax and tax prescribed by Presidential Decree, collectible as a penalty; referring to income tax to which tax credits, etc. prescribed by Presidential Decree for business income have not been applied), if the amount of tax after applying any of the following reductions, exemptions, etc., is less than the amount of tax (hereafter in this Article, referred to as "minimum income tax") calculated by multiplying the amount of tax calculated from the business income which has not been included in deductible expenses, and to which income deductions, etc. have not been applied under subparagraphs 1 and 2 (including the amount of the reserve referred to in subparagraph 1, which has been included in the gross income pursuant to the relevant provisions), by 45/100 (or 35/100 if the amount of tax calculated does not exceed 30 million won), no reduction, exemption, etc. shall apply to the portion equivalent to such shortfall in the amount of tax: <Amended by Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

1. The reserve for research and human resources development to be included in deductible expenses in calculating the amount of income for each business year under Article 9;
2. The amount to be included in deductible expenses and the amount of income deduction under Articles 8, 10 - 2, 16, 28, 28 - 2, 86 - 3, 132 - 2, and 136 (1);
3. The amount of tax credits under Articles 5, 7 - 2, 7 - 4, 10, 11, 12 (2), 24, 25, 25 - 2 through 25 - 6, 26, 29 - 2 through 29 - 5, 30 - 2, 30 - 4, 31 (6), 32 (4), 94, 104 - 8, 104 - 14, 104 - 15, 104 - 18, 104 - 25, 122 - 3, 122 - 4 (1), 126 - 3 (2), and 126 - 7 (8);
4. Income tax exemptions or reductions under Articles 6, 7, 12 (1) and (3), 12 - 2, 21, 31 (4) and (5), 32 (4), 33 - 2, 63 (excluding relocation to an area outside of the Seoul Metropolitan area), 64, 96, 102, and 121 - 22.

(3) For the purposes of this Act, where reductions, exemptions, etc. listed under paragraphs (1) and (2), and other reductions, exemptions, etc. simultaneously apply,

reductions, exemptions, etc. listed under paragraphs (1) and (2), shall first apply.

(4) Matters necessary for applying the minimum corporate tax and minimum income tax referred to in paragraphs (1) and (2), shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 132 - 2 (Composite Ceiling on Income Tax Deductions, etc.)(1) When calculating the income tax on the global income of a resident, if the total sum of the amounts of the following deductions and incurred expenses exceeds 25 million won, the amount in excess shall be deemed naught: <Amended by Act No. 12173, Jan. 1, 2014>

1. Deleted;<by Act No. 12173, Jan. 1, 2014>

2. Special income deductions under Article 52 of the Income Tax Act: Provided, That insurance premiums referred to in Article 52 (1) of the Income Tax Act shall not be included:

(a) through (d) Deleted;<by Act No. 12173, Jan. 1, 2014>

3. Income deduction for contributions, etc. to the Small and Medium Business Start - Up Investment Fund under Article 16 (1) (excluding contributions or investments under Article 16 (1) 3 or 4);

4. Income deduction for deposits to mutual aid funds under Article 86 - 3;

5. Income deduction for collective savings for subscription of housing under Article 87 (2);

6. Income deduction for investments in employee stock ownership associations under Article 88 - 4 (1);

7. Income deduction for long - term collective investment securities savings under Article 91 - 16;

8. Income deduction for monthly rents under Article 122 - 3 (3);

9. Income deduction for amount spent on credit cards, etc. under Article 126 - 2.

(2) and (3) Deleted.<by Act No. 12173, Jan. 1, 2014>

(4) Matters necessary for applying the composite ceiling on income tax deductions under paragraph (1) shall be prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013]

Article 133 (Composite Ceiling on Reduction of, or Exemption from, Capital Gains Tax and Gift Tax)(1) Of the total amount of the capital gains tax to be reduced or exempted for an individual under any provision of Articles 33, 43, 66 through 69,

69 - 2, 70, 77, 77 - 2, 77 - 3, 85 - 10 of this Act and Article 29 of the Addenda to Act No. 6538, the greater of the following amounts shall not be reduced or exempted. In such cases, the amounts of capital gains tax eligible for reduction or exemption shall be aggregated in the order of transfers of assets: <Amended by Act No. 10406, Dec. 27, 2010; Act No. 10901, Jul. 25, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

1. Where the total amount of the capital gains tax to be reduced or exempted pursuant to any provision of Articles 33, 43, 66 through 69, 69 - 2, 70, 77, 77 - 2, 77 - 3, and 85 - 10 of this Act and Article 29 of the Addenda to Act No. 6538 exceeds 100 million won for each taxable period, an amount equivalent to such excess;
2. The greater of the following amounts calculated as the total amount for five taxable periods. In such cases, the total amount of the capital gains tax to be reduced or exempted for five taxable periods shall be calculated by adding the total amount of the capital gains tax to be reduced or exempted in the relevant taxable period to the capital gains tax reduced or exempted in the four preceding taxable periods:
 - (a) Where the total amount of the capital gains tax to be reduced or exempted pursuant to Article 70 for five taxable periods exceeds 100 million won, an amount equivalent to such excess;
 - (b) Where the total amount of the capital gains tax to be reduced or exempted pursuant to Articles 70 and 77 (limited to where the reduction rate of 10/100 or 15/100 is applicable) for five taxable periods exceeds 200 million won, an amount equivalent to such excess;
 - (c) Where the total amount of the capital gains tax to be reduced or exempted under Articles 66 through 69, 69 - 2, 70, 77, and 77 - 2 for five taxable periods exceeds 300 million won, an amount equivalent to such excess.
- (2) Where the total amount of the gift tax to be reduced or exempted pursuant to Article 71 for five years exceeds 100 million won (hereafter referred to as "reduction or exemption ceiling on gift tax" in this paragraph), an amount equivalent to such excess shall not be reduced or exempted. In such cases, the reduction or exemption ceiling on gift tax shall be calculated by adding the total amount of the gift tax to be reduced or exempted to the gift tax reduced or exempted for five years

before the date of such gift.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 134 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 135 Deleted. <by Act No. 7839, Dec. 31, 2005 >

Article 136 (Special Cases concerning Exclusion of Entertainment Expenses from

Deductible Expenses)(1) When calculating the amount to be excluded from deductible expenses or necessary expenses under Article 25 (1) of the Corporate Tax Act or Article 35 (1) of the Income Tax Act, out of entertainment expenses disbursed by a small or medium enterprise, the following amounts shall be calculated by multiplying 24 million won by the number of months in the relevant business year and then dividing the result thereof by 12, until the business year in which December 31, 2018 falls: <Newly Inserted by Act No. 14390, Dec. 20, 2016 >

1. Where the amount of income for each business year is calculated in accordance with Article 25 (1) of the Corporate Tax Act: The amount specified in subparagraph 1 of the same paragraph;
2. Where the amount of global income is calculated in accordance with Article 35 (1) of the Income Tax Act: The amount specified in subparagraph 1 of the same paragraph.

(2) When calculating the amount of income for each business year pursuant to Article 25 (1) of the Corporate Tax Act, the following entities shall include entertainment expenses in deductible expenses up to an amount equivalent to 70/100 of the total amount referred to in the main sentence of Article 25 (1) of the Corporate Tax Act:<Amended by Act No. 8827, Dec. 31, 2007; Act No. 9921, Jan. 1, 2010 >

1. Deleted;<by Act No. 8827, Dec. 31, 2007 >
2. A government - contributed institution prescribed by Presidential Decree;
3. A corporation prescribed by Presidential Decree, in which an institution referred to in subparagraph 2 has invested.

(3) Entertainment expenses disbursed by a national as expenses for cultural purposes prescribed by Presidential Decree (hereafter in this paragraph, referred to as "cultural entertainment expenses"), as at December 31, 2017, shall be included in deductible expenses up to the equivalent to 20/100 of the ceiling on entertainment

expenses of the national (referring to an aggregate of the amounts specified under Article 25 (1) of the Corporate Tax Act or an aggregate of the amounts specified under Article 35 (1) of the Income Tax Act; hereafter in this paragraph, the same shall apply), when calculating the amount of income for the relevant taxable year, notwithstanding the ceiling on entertainment expenses of the national. <Amended by Act No. 9921, Jan. 1, 2010; Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015 >

Article 137 Deleted. <by Act No. 7839, Dec. 31, 2005 >

Article 138 (Deemed Gross Income from Rental Security Deposits, etc.)(1) Where a domestic corporation (excluding a non - profit domestic corporation) retaining the borrowings in excess of the standards prescribed by Presidential Decree taking into account the ratio of borrowings, etc. to the equity capital of such domestic corporation which runs a real estate rental business as its principal business receives the deposits, money for lease on a deposit basis, or similar by leasing the real estate except houses prescribed by Presidential Decree, or rights on the relevant real estate, the amount calculated as prescribed by Presidential Decree shall be added to gross income under Article 15 (1) of the Corporate Tax Act.
(2) In applying paragraph (1), the scope of borrowings, criteria for judging the principal business or other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 139 Deleted. <by Act No. 9272, Dec. 26, 2008 >

Article 140 (Special Taxation for Development of Submarine Mineral Resources)(1) A person who holds a submarine mining concession right defined in subparagraph 5 of Article 2 of the Submarine Mineral Resources Development Act (hereafter in this Article, referred to as "submarine mining concessionaire"), shall be exempted from customs duties and value - added tax on the machinery, equipment, and materials that the person imports by December 31, 2019 for exploring or extracting submarine minerals. <Amended by Act No. 14390, Dec. 20, 2016 >
(2) An agent or a subcontractor of a submarine mining concessionaire shall be exempted from customs duties and value - added tax on the machinery, equipment,

and materials that the agent or the subcontractor imports by December 31, 2019 in the name of the submarine mining concessionaire to use directly for exploring or extracting submarine minerals. <Amended by Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 12173, Jan. 1, 2014]

Article 141 (Special Cases concerning Tax Imposition on Registration of Real Estate in Actual Titleholder's Name)

Where any of the following applies to real estate registered in its actual titleholder's name pursuant to Article 11 of the Act on the Registration of Real Estate under Actual Titleholder's Name is only one case, and its value does not exceed 50 million won, any taxes already exempted, under - imposed or not imposed, shall not be additionally collected. In such cases, the scope of real estate registered in the actual titleholder's name and the calculation of its value shall be prescribed by Presidential Decree:

1. Where a name transferor and a household sharing a livelihood with him/her has been subject to non - taxation following a transfer under one house for one household pursuant to subparagraph 3 of Article 89 of the Income Tax Act prior to the enforcement of this Act, and where he/she is no longer eligible for non - taxation on the date of transfer of the relevant house due to its registration in the actual titleholder's name;
2. Where any gift tax, the liability to pay which has accrued prior to the enforcement of the Act on the Registration of Real Estate under Actual Titleholder's Name, is imposed on a titleholder pursuant to Article 32 - 2 of the former Inheritance Tax Act (referring to the same Act prior to the amendment by Act No. 5193, December 30, 1996).

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 141 - 2 (Special Provisions on Taxation for Sales Profit of Non - Residents ' Inventory Assets at Logistics Facilities in Bonded Area)(1) No income tax referred to

in Article 156 (1) of the Income Tax Act, or corporate tax referred to in Article 98 (1) of the Corporate Tax Act shall be imposed on any domestic - source income referred to in subparagraph 5 of Article 119 of the Income Tax Act, or subparagraph 5 of Article 93 of the Corporate Tax Act accruing from transfer of inventory assets which a non - resident or foreign corporation with no domestic place of business

referred to in Article 120 of the Income Tax Act or Article 94 of the Corporate Tax Act (hereafter referred to as "non - resident, etc." in this Article) manufactured or acquired overseas after keeping them in a bonded area under Article 154 of the Customs Act or in logistics facilities defined in Article 2 (1) 4 of the Framework Act on Logistics Policies located in a free trade zone defined in subparagraph 1 of Article 2 of the Act on Designation and Management of Free Trade Zones.

(2) Any non - resident, etc. who wishes to secure tax credits under paragraph (1) shall file an application for exemption, as prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 9272, Dec. 26, 2008]

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 142 (Ex Ante and Ex Post Management of Special Taxation)(1) The Minister of Strategy and Finance shall establish a master plan for special taxation and restrictions on such special taxation, and notify the heads of central administrative agencies thereof after deliberation by the State Council no later than March 31 each year. <Amended by Act No. 11614, Jan. 1, 2013>

(2) The heads of central administrative agencies shall suggest tax reduction or exemption, including the objectives of, and policy effects expected from such tax reduction or exemption, estimated annual revenue effects, and related statistical data with respect to matters for which such reduction or exemption is deemed necessary for the efficient implementation of economic and social policies, etc., to the Minister of Strategy and Finance no later than April 30 each year.<Amended by Act No. 11614, Jan. 1, 2013>

(3) The heads of central administrative agencies shall present their on the analysis of effects by tax reduction or exemption, and on whether such tax reduction or exemption system is to be maintained with respect to the matters of special taxation prescribed by Presidential Decree, to the Minister of Strategy and Finance no later than April 30 each year.<Amended by Act No. 11614, Jan. 1, 2013>

(4) The Minister of Strategy and Finance may conduct an assessment of major special taxation: Provided, That with respect to special taxation, the application period of which ends in the relevant year (excluding matters prescribed by Presidential Decree, including matters wherein the repeal of such special taxation is

apparent due to the extinction of eligible items), and the annual amount of which is not less than the amount prescribed by Presidential Decree, the results of the assessment conducted, within budgetary limits, by a specialized survey and research institution on the matters prescribed by Presidential Decree, including the level of target achievement, economic effects, effects of income redistribution, and effects on finance, shall be submitted to the National Assembly no later than 120 days before the commencement of each fiscal year. <Amended by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

(5) In submitting a legislative bill that newly introduces special taxation, the annual amount of which is not less than the amount prescribed by Presidential Decree (excluding matters prescribed by Presidential Decree, such as where necessary to cope with economic and social situations), such legislative bill shall be accompanied by the results of assessment conducted by a specialized survey and research institution on the matters prescribed by Presidential Decree, including the necessity and timeliness of the special taxation, expected effects, and potential problems. <Newly Inserted by Act No. 12173, Jan. 1, 2014>

(6) The Minister of Strategy and Finance may designate an institution to conduct specialized surveys and research in connection with suggestions for tax reduction or exemption under paragraph (2), presentation of opinions under paragraph (3), and assessments under paragraphs (4) and (5), and subsidize expenses incurred in relation to the operation, etc. thereof. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

(7) The Minister of Strategy and Finance may request the heads of the relevant administrative agencies, etc. to submit opinions or data, where deemed necessary for presenting opinions under paragraph (3), and conducting assessments under paragraphs (4) and (5). In such cases, the heads of the relevant administrative agencies shall comply with such request except in exceptional circumstances. <Newly Inserted by Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014>

(8) Matters concerning the establishment of master plans for special taxation and the restrictions thereon, suggestions for tax reduction and exemption, presentation of opinions on tax reduction and exemption, scope of major special taxation, designation of survey and research institutions under paragraphs (1) through (7), and other necessary matters shall be prescribed by Presidential Decree. <Newly Inserted by Act

[No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014](#)>

[\[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010\]](#)

Article 142 - 2 (Preparation of Tax Expenditure Budget)(1) The Minister of Strategy and Finance shall prepare a report wherein the result of the financial support pertaining to special taxation, such as reduction or exemption of tax, non - taxation, income deduction, tax deduction, application of favored - tax rate, or deferral of tax, (hereinafter referred to as "tax expenditure") in the immediately preceding year and the estimated amount thereof in the relevant year and the following year are analyzed by functions and items (hereinafter referred to as "tax expenditure budget").

(2) The Minister of Strategy and Finance may, if necessary for the preparation of a tax expenditure budget, request persons prescribed by Presidential Decree, such as the heads of central administrative agencies, etc. to submit data. In such cases, the heads of the relevant central administrative agencies, etc. so requested shall comply with such request unless any special reason exists.

(3) Detailed method, etc. of preparation of tax expenditure budget shall be prescribed by Presidential Decree.

[\[This Article Newly Inserted by Act No. 11614, Jan. 1, 2013\]](#)

Article 143 (Separate Accounting)(1) Where a national concurrently operates a business (referring to respective business in cases of two or more tax reduction rates exist; hereafter referred to as "business subject to reduction or exemption" in this Article) to which tax reduction or exemption is applicable as prescribed by this Act and other businesses, he/she shall keep separate accounts, as prescribed by Presidential Decree.

(2) A national who operates a consumptive service business and other businesses at the same time shall keep separate accounts of his/her assets, liabilities, profits and losses by dividing them into each business as prescribed by Presidential Decree.

(3) When the amount of income of a business subject to reduction or exemption is calculated where loss has occurred to a business of which account has been kept separately as prescribed in paragraphs (1) and (2), an amount calculated by subtracting the amount obtained by distributing the total amount of loss in proportion to the amount of income to other businesses which have generated income from the

amount of income of the businesses which have generated income shall be the income of the business subject to reduction or exemption.

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 144 (Tax Credits Carried - Forward)(1) Of the amount of tax to be deducted pursuant to any provision of Articles 5, 7 - 2, 7 - 4, 8 - 3, 10, 11, 12 (2), 12 - 3, 12 - 4, 13 - 2, 24, 25, 25 - 2 through 25 - 6, 26, 29 - 2 through 29 - 5, 30 - 2, 30 - 4, 94, 104 - 8, 104 - 14, 104 - 15, 104 - 18, 104 - 22, 104 - 25, 122 - 4 (1), 126 - 6, and 126 - 7 (8) of this Act and Article 12 (2) (limited to the amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption (Act No. 5584), the equivalent to the portion not deducted because no amount of tax is payable for the relevant taxable year or the amount of tax is less than the minimum corporate tax or minimum income tax under Article 132, shall be carried forward to each taxable year that ends within five years (or seven years if the amount of tax deductible under Article 5 has not been deducted until the taxable year falling on the fifth anniversary from the date a small or medium enterprise is incorporated; or ten years if the amount of tax deductible under Article 10 has not been deducted until the taxable year falling on the fifth anniversary from the date a small or medium enterprise is incorporated) from the commencement date of the taxable year following the relevant taxable year, and shall be deducted from income tax (limited to income tax on business income (including income accruing from a real estate lease business under Article 45 (2) of the Income Tax Act if Article 126 - 6 is applicable)) or corporate tax for each taxable year to which such amount is carried forward. <Amended by Act No. 10068, Mar. 12, 2010; Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(2) If the amount to be deducted from income tax or corporate tax for each taxable year, which is deductible under any provision of Articles 5, 7 - 2, 7 - 4, 10, 11, 12 (2), 12 - 3, 12 - 4, 24, 25, 25 - 2 through 25 - 6, 26, 29 - 2 through 29 - 5, 30 - 2, 30 - 4, 94, 104 - 8, 104 - 14, 104 - 15, 104 - 18, 104 - 25, 122 - 4 (1), 126 - 6, and 126 - 7 (8) of this Act and Article 12 (2) (limited to the amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption

(Act No. 5584), and the amount not deducted and carried forward under paragraph (1), overlap with each other, the amount not deducted and carried forward under paragraph (1) shall be deducted first, and deductions shall be made successively in the order of the accrual of non - deductions, if the amounts not deducted and carried forward overlap with one another.<Amended by Act No. 10068, Mar. 12, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014; Act No. 12853, Dec. 23, 2014; Act No. 13560, Dec. 15, 2015; Act No. 14390, Dec. 20, 2016>

(3) Notwithstanding paragraph (1), the non - deducted amount for the taxable year during which an investment is made pursuant to the proviso to Article 26 (1) 2, and the amount paid as income tax or corporate tax under Article 26 (6), shall be carried forward to each taxable year that ends within five years from the commencement date of the taxable year following the taxable year during which the investment is made, and shall be deducted from income tax (limited to income tax on business income) or corporate tax carried forward for each taxable year up to an aggregate of the amounts calculated in the following order. In such cases, the number of full - time employees in the taxable year subject to deduction carried forward, shall exceed the largest of the number of full - time employees referred to in each item of subparagraph 3:<Newly Inserted by Act No. 11133, Dec. 31, 2011; Act No. 12173, Jan. 1, 2014; Act No. 14390, Dec. 20, 2016>

1. The number of graduates from high schools, etc. aligned to industry demand, among the full - time employees who have first entered into an employment contract in the taxable year subject to deduction carried forward × 20 million won (or 25 million won in cases of a small or medium enterprise);
2. The number of youth employees, employees with a disability, and employees aged at least 60, among the full - time employees other than those referred to in subparagraph 1, who have first entered into an employment contract in the taxable year subject to deduction carried forward × 15 million won (or 20 million won in cases of a small or medium enterprise);
3. (The number of full - time employees in the taxable year subject to deduction carried forward the number of graduates referred to in subparagraph 1 - the number of youth employees, employees with a disability, and employees aged at least 60 referred to in subparagraph 2 - the largest number of the following numbers) × 10 million won (15 million won in cases of a small or medium

enterprise);

(a) The number of full - time employees in the taxable year immediately preceding the taxable year subject to deduction carried forward;

(b) The number of full - time employees in the taxable year immediately preceding the taxable year during which the investment is made with the amount carried forward;

(c) Where income tax or corporate tax is paid due to a decrease in the number of full - time employees under Article 26 (6), the number of full - time employees in the taxable year (where the number of full - time employees is decreased for two consecutive taxable years, the second taxable year) during which such number of full - time employees is decreased.

(4) Notwithstanding paragraph (1), the amount paid as income tax or corporate tax under Article 25 - 5 (2) 1, shall be carried forward to each taxable year that ends within five years from the commencement date of the taxable year immediately following the taxable year in which the relevant investment is made, and shall be deducted from income tax (limited to income tax on business income) or corporate tax for the taxable year to which the amount is carried forward. Such deduction shall not exceed the amount calculated by multiplying 10 million won by the number of full - time employees who first enter into an employment contract in the taxable year subject to deduction carried forward. In such cases, the number of full - time employees in the taxable year subject to deduction carried forward, shall exceed the largest of the numbers of full - time employees calculated by applying mutatis mutandis each item of paragraph (3) 3. <Newly Inserted by Act No. 14390, Dec. 20, 2016 > [This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 145 Deleted. <by Act No. 6762, Dec. 11, 2002 >

Article 146 (Additional Collection of Amount of Tax Reduced or Exempted)

Where a person granted a tax credit of income tax or corporate under any provision of Articles 5, 11, 24, 25, 25 - 2 through 25 - 5, 26, and 94 of this Act and Article 12 (2) (limited to the amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption (Act No. 5584), disposes of the relevant asset (including leasing such asset, but excluding cases prescribed by Presidential Decree) before the lapse of two years (or three years in cases of tax

credits under Article 25 - 5; or five years in cases of any building and structure prescribed by Presidential Decree) from the date the investment is completed under the same Article, the person shall pay the equivalent to the tax credit on the relevant asset plus an additional amount equivalent to the interest calculated as prescribed by Presidential Decree, as income tax or corporate tax, when filing his/her tax return for the taxable year in which such asset is disposed of; and the relevant amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act. <Amended by Act No. 12853, Dec. 23, 2014; Act No. 14390, Dec. 20, 2016 >

[This Article Wholly Amended by Act No. 9921, Jan. 1, 2010]

Article 147 (Calculation of Value of Non - Par Value Stocks)

In cases of non - par value stocks at the time of applying Articles 87 - 6 (1), 88 - 4 (9) 3 and (10) 2, 91 - 4 (1) and 91 - 6 (1), an amount calculated by dividing the capital of a corporation which has issued the relevant stocks by the total number of issued stocks as of the record date of dividends (as of the issuing date in case of Article 88 - 4 (14) 3) shall be deemed the par value thereof.

[This Article Newly Inserted by Act No. 11133, Dec. 31, 2011]

ADDENDA <No. 5584, 28. Dec, 1998 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1999: Provided, That the amended provisions of Articles 38, 39 and 45 through 48 shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

(1) The amendments related to the income tax and corporate tax in this Act shall apply starting with the first taxable year after this Act enters into force.

(2) The amendments relating to the capital gains tax and its special surtax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amendments relating to the value - added tax in this Act shall apply starting with the portion of goods or services first supplied or purchased, or goods declared for import after this Act enters into force.

(4) The amendments relating to the special consumption tax in this Act shall apply starting with the portion whose taxable period first arrives after this Act enters into force.

(5) The amendments relating to the liquor tax in this Act shall apply starting with the portion first shipped out of a factory or a bonded area after this Act enters into force.

(6) The amendments relating to the inheritance or gift tax in this Act shall apply starting with the portion for which an inheritance first commences or is donated after this Act enters into force.

(7) The amendments relating to the stamp tax in this Act shall apply starting with taxable documents first prepared after this Act enters into force.

(8) The amendments relating to the securities transaction tax in this Act shall apply starting with the portion first transferred, withdrawn, incorporated, entrusted or invested in kind after this Act enters into force.

(9) The amendments relating to the customs in this Act shall apply starting with the portion first declared for import after this Act enters into force.

(10) The amendments relating to the local taxes in this Act shall apply starting with the portion first acquired, registered or on which the property tax or aggregate land tax is first imposed and collected after this Act enters into force.

Article 3 (Applicability to Small or Medium Business Investment Reserves)

The amendments to Articles 4, 9, 28, 30, 58, 59, and 75 shall apply to the reserves first charged to deductible expenses after this Act enters into force: Provided, That the amendments relating to the payment of an amount equivalent to interest under the provisions of Articles 4 (4), 9 (4), 28 (4), 30 (2), 58 (4), 59 (5) and 75 (4) shall apply starting with the portion that is first added to gross income after this Act enters into force. In this case, the amounts added to gross income under Articles 4, 8, 28, 29, 41, 42 and 61 - 2 of the former Regulation of Tax Reduction and Exemption Act shall be deemed the amount added to gross income under this Act.

Article 4 (Applicability to Tax Credit for Investments by Small or Medium Business)

The amendments to Articles 5, 11, 24 through 26, 62, 65 (2), 94, 103 and 126 shall apply starting with the portion first invested after this Act enters into force.

Article 5 (Applicability to Tax Reduction or Exemption on Income from Technology Transfer)

The amendments to Article 12 shall apply starting with the portion first transferred, provided or leased after this Act enters into force.

Article 6 (Applicability to Capital Gains Tax Exemption for Support, etc. of Corporate Financial Structure Improvement)

(1) The amendments to Articles 36 (2) 1, 37 (2) 1, 40 (1) 3 and 41 (1) 3 shall apply starting with the portion of real estate first transferred or donated prior to the enforcement date of this Act, but whose redemption date of liabilities to financial institutions has not arrived.

(2) In applying the amendments to Articles 37 (2) 2, 40 (2) 2, 41 (3) 2 and 42 (2) 3 to real estate transferred prior to the enforcement date of this Act, the said amendments shall apply starting on the date on which such real estate is transferred.

(3) The amendments to Articles 40 (1) 1 and 2, and 41 (1) 2 and (4) shall apply starting with the portion first transferred or donated on or after February 24, 1998.

Article 7 (Applicability to Minimum Tax, etc.)

Where a person obtains any tax reduction or exemption under Article 127, 128, 132, 134, 144 and 145 in the taxable year that commences prior to the enforcement date of this Act, such reduced or exempted tax amount shall be considered a tax amount reduced and exempted under Article 112, 117, 118, 120, 121 and 123 of the former Regulation of Tax Reduction and Exemption Act.

Article 8 (Applicability to Non - taxation, etc. on Gains from Transfer of Stocks by Small or Medium Start - up Business Investment Companies)

(1) The amendments to Articles 13, 14 (1) 2 through 4 and 14 (2) shall apply starting with the portion of stocks or equity shares first acquired after this Act enters into force.

(2) The amendments to Articles 14 (4) and (5), 20 (limited to the portion collected by withholding at source), 29, 89 and 91 shall apply starting with the portion whose tax withholding time first arrives after this Act enters into force.

(3) The amendments to Article 15 shall apply to stock options first granted after this Act enters into force.

(4) The amendments to Article 16 shall apply starting with the portion first contributed or invested after this Act enters into force.

(5) The amendments to Article 17 (1) shall apply starting with investment or loan loss reserves first charged to deductible expenses after this Act enters into force. In

this case, the balance in such investment or loan loss reserve accounts that are charged to deductible expenses under Article 14 (1) of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be deemed an investment or loan loss reserve under this Act.

(6) The amendments to Articles 21 and 22 (limited to the portions relating to the enforcement of the Foreign Exchange Transactions Act) shall apply starting with the portion that first becomes applicable under the Foreign Exchange Transactions Act after this Act enters into force.

(7) The amendments to the proviso of Article 21 (1) shall apply starting with the portion of bonds denominated in foreign currency first issued after this Act enters into force.

(8) The amendments to Article 23 shall apply starting with the portion first transferred after this Act enters into force.

(9) The amendments to Article 38 shall apply starting with the portion first invested in kind in the business year whereto belongs the date on which this Act enters into force.

(10) The amendments to Article 39 shall apply starting with the portion of liabilities first assumed, performed, reduced or exempted in the business year whereto belongs the date on which this Act enters into force.

(11) The amendments to Article 45 shall apply starting with the portion of liabilities first exempted or equity capital decreased in the business year whereto belongs the date on which this Act enters into force.

(12) The amendments to Article 46 shall apply starting with the portion of stocks transferred or taken over or liabilities accepted or performed or real estate donated in the taxable year whereto belongs the date on which this Act enters into force.

(13) The amendments to Article 47 shall apply starting with the portion of stocks exchanged in the business year whereto belongs the date on which this Act enters into force.

(14) The amendments to Article 48 (4) shall apply starting with the portion of bad debt allowances that are charged to deductible expenses in the business year whereto belongs the date on which this Act enters into force.

(15) The amendments to Article 100 (1) shall apply to housing subsidies first paid after this Act enters into force.

(16) The amendments to Article 135 shall apply only to the business year commencing on or before December 31, 1999 with respect to assets provided for in paragraph (1) 2 of the said Article.

(17) The amendments to Article 141 shall apply starting with the portion first converted to an actual name titleholder after this Act enters into force.

(18) The amendments to Article 146 shall apply starting with the portion for which a cause for an additional collection first occurs after this Act enters into force (including the portion for which a cause for the additional collection occurs after this Act enters into force among the reduced or exempted tax amounts under the former Regulation of Tax Reduction and Exemption Act).

Article 9 (General Transitional Measures)

(1) The national taxes and local taxes imposed or taxable pursuant to the former provisions prior to the enforcement date of this Act shall be governed by the former provisions.

(2) The national taxes and local taxes reduced or abatable pursuant to the former provisions prior to the enforcement date of this Act shall be governed by the former provisions.

(3) The Acts and subordinate statutes that cite the former Regulation of Tax Reduction and Exemption Act and its articles or clauses at the time this Act enters into force shall be deemed the respective corresponding articles or clauses of this Act.

Article 10 (Transitional Measures concerning Small or Medium Businesses Investment Reserves, etc.)

The reserves that have been charged to deductible expenses in calculating incomes for each taxable year pursuant to Articles 4, 8, 28, 29, 41, 42 and 61 - 2 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be added to gross income pursuant to the former provisions.

Article 11 (Transitional Measures concerning Tax Reduction or Exemption for Income from Transfer of Technology)

(1) Patents, utility models, or technical know-how leased prior to the enforcement date of this Act shall be governed by the provisions of Article 11 of the former Regulation of Tax Reduction and Exemption Act until the relevant lease term expires.

(2) A national who is subject to Articles 6, 34, 46, 50, 51 (1), 53 and 96 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the provisions of Articles 6, 34, 63, 64, 65 (1), 68 and 101 of this Act, respectively, from the taxable year first starting after this Act enters into force and limited to the remaining reduction or exemption period.

Article 12 (Transitional Measures concerning International Ship Transfer Margin Charged to Deductible Expenses, etc.)

(1) The former provisions shall apply to adding to gross income of the amount charged to deductible expenses pursuant to Articles 24 - 2 and 40 - 4 of the former Regulation of Tax Reduction and Exemption Act.

(2) Where an enterprise designated as the enterprise subject to rationalization pursuant to Article 39 (1) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act satisfies the rationalization standards under paragraph (2) of the said Article, the provisions of Articles 35 through 37 of the former Regulation of Tax Reduction and Exemption Act shall govern.

(3) Capital increases subjected to Article 93 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the former provisions during the remaining deduction period under the same Act.

(4) A small or medium business subjected to Article 54 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the former provisions during the remaining reduction or exemption period under the same Act.

(5) Borrowings for housing funds subjected to Article 92 - 4 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be governed by the former provisions until their redemption is completed.

(6) Reserves for a mine closure subjected to Article 123 - 2 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be governed by the former provisions.

Article 13 (Transitional Measures concerning Long - term Household Savings and Employee Stock Savings)

(1) Long - term household savings under Article 80 - 3 of the former Regulation of Tax Reduction and Exemption Act shall, limited to those whose contracts are

concluded on or before December 31, 1998, be governed by the former provisions not later than the expiration of the relevant savings contracts.

(2) Employee stock savings under Article 80 - 4 of the former Regulation of Tax Reduction and Exemption Act shall, limited to those whose contracts are concluded and the deposit amounts are paid on or before December 31, 1998, be governed by the former provisions not later than the expiration of such savings contracts.

Article 14 (Transitional Measures concerning Reduction or Exemption, etc. of Capital Gains Tax)

(1) The carried - over taxation on the assets subjected to an application of the carried - over taxation pursuant to Articles 31, 32 and 40 - 4 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

(2) The tax reduction or exemption, deferment, post management thereof and additional collection on the assets subjected to tax reduction or exemption, etc. pursuant to Articles 33, 40 - 8, 43, 44, 70, 71 and 75 (2) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement of this Act, shall be governed by the former provisions.

(3) Rental houses whose rental starts under former Article 67 while the Regulation of Tax Reduction and Exemption Act (Act No. 4806) is in force, shall be governed by the former provisions.

(4) With respect to land, etc. transferred under former Articles 31 through 33, 43, 44, 68, 70 and 71 (including where applied mutatis mutandis in Article 75 (2)) while the Regulation of Tax Reduction and Exemption Act (Act No. 5417) is in force, the tax reduction or exemption, special treatment of transfer value, deferment and additional collection of tax, etc. shall be governed by the former provisions.

Article 15 (Transitional Measures concerning Exemption of Gift Tax on Farmland, etc. Donated to Farming Children)

(1) The post management and tax collection for land, etc. subject to an exemption of the gift tax pursuant to Article 58 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

(2) Any land, etc. subject to exemption from the gift tax pursuant to Article 58 (1) of the former Regulation of Tax Reduction and Exemption Act at the time this Act

enters into force, and that a self - cultivating farmer donates to his/her children engaged in farming not later than December 31, 2006, shall be exempted from the gift tax pursuant to Article 58 (2) through (5) of the former Regulation of Tax Reduction and Exemption Act.

Article 16 (Transitional Measures concerning Exemption of Capital Gains Tax, etc. on Self - cultivating Farmers, etc.)

(1) The post management and tax collection for land, etc. subject to exemption from the capital gains tax and gift tax under former Articles 56 and 57 while the Amendment Act to the Regulation of Tax Reduction and Exemption Act (Act No. 5195) is in force, shall be governed by former Articles 56 and 57.

(2) Any land, etc. subject to exemption from the capital gains tax and gift tax under former Articles 56 (1) and 57 (1) (limited to those located within an agricultural promotion area under the Farmland Act) while the Amendment Act to the Regulation of Tax Reduction and Exemption Act (Act No. 5195) is in force, and that are transferred or donated not later than December 31, 2006, shall be exempted from the capital gains tax or gift tax pursuant to former Article 56 (2) through (5) or 57 (2) through (4).

(3) Any fishing ships and fishing rights subject to exemption from the gift tax under former Article 57 (1) while the Regulation of Tax Reduction and Exemption Act (Act No. 5195) is in force, and that are donated not later than December 31, 2006, shall be exempted from the gift tax pursuant to former Article 57 (2) through (4).

Article 17 (Transitional Measures concerning Exclusion from Tax Reduction or Exemption within Seoul Metropolitan Area)

Foreign investments that have been excluded from tax reduction or exemption pursuant to Article 47 (3) and (4) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

Article 18 Deleted. <by Act No. 7322, Dec. 31, 2004 >

Article 19 Omitted.

ADDENDA <No. 5825, 08. Feb, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 10 Omitted.

ADDENDA <No. 5960, 31. Mar, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force on April 1, 1999.

Articles 2 through 5 Omitted.

ADDENDA <No. 5980, 30. Apr, 1999 >

(1) (Enforcement Date) This Act shall enter into force on July 1, 1999.

(2) (Applicability) The amendments to Article 106 (1) 2 shall apply starting with the portion first supplied after this Act enters into force.

ADDENDA <No. 5982, 24. May, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <No. 5996, 31. Aug, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 126 - 2 shall enter into force on the first day of the month following that in which the date of promulgation falls.

Article 2 (Applicability to Tax Reductions or Exemptions)

(1) The amended provisions of Articles 6 and 31 shall apply starting with the first start - up or venture business first established or confirmed after the enforcement of this Act: Provided, That they shall apply starting with the first commencing taxable period after January 1, 2001 with respect to the nationals that established a new

enterprise after August 31, 1997, and has been confirmed as a venture business no later than August 30, 1999. In this case, this shall apply only to the remaining reduction or exemption period if any income first accrues on or before December 31, 2000. <Amended by Act No. 6297, Dec. 29, 2000>

(2) The amended provisions of Article 63 shall apply starting with the portion of factory facilities first relocated after this Act enters into force.

Article 3 (Applicability to Reserves, etc.)

(1) The amended provisions of Article 8 - 2 shall apply starting with the taxable year in which the enforcement date of this Act falls.

(2) The amended provisions of Articles 60 and 61 shall apply starting with the portion first transferred after this Act enters into force.

Article 4 (Applicability to Income Deductions)

(1) The amended provisions of Article 16 shall apply starting with the portion of contributions or investments first made after this Act enters into force.

(2) The amended provisions of Article 126 - 2 shall apply starting with the portion of payments by credit or debit cards first disbursed after the enforcement date of this Act. In this case, as regards the income deduction on the amount spent on credit cards, etc. from the date this Act enters into force to November 30, 1999, where the amount spent on credit cards, etc. exceeds 10/100 of the gross earned income during the same period, the amount equivalent to 10/100 of the excess amount (up to one million won) shall be deducted from the earned income for the relevant taxable year.

Article 5 (Applicability to Equity Investment Tax Deduction)

The amended provisions of Articles 27 and 62 shall apply starting with equity investments or acquisitions made first after this Act enters into force.

Article 6 (Applicability to Special Surtax Deferment)

(1) The amended provisions of Articles 37, 47 - 2 and 49 shall apply starting with a merger first effected in the taxable year whereto belongs the date this Act enters into force.

(2) The amended provisions of Articles 38 and 42 shall apply starting with investments in kind made in the taxable year whereto belongs the date this Act enters into force.

(3) The amended provisions of Article 38 - 2 shall apply starting with investments in kind or transfers first effected after this Act enters into force.

(4) The amended provisions of Article 39 shall apply starting with the portion of a guaranteed liabilities first assumed or performed after this Act enters into force.

(5) The amended provisions of Article 44 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

(6) The amended provisions of Article 99 (1) shall apply starting with the portion first transferred on or after July 1, 1999.

Article 7 (Applicability to Dividends of Securities Investment Companies)

The amended provisions of Article 91 - 2 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 8 (Applicability to Value - Added Tax, etc.)

(1) The amended provisions of Article 106 shall apply starting with the portion first supplied after this Act enters into force.

(2) The amended provisions of Articles 112 - 2 and 113 shall apply starting with the portion first shipped out of factories or bonded areas after this Act enters into force.

Article 9 (Applicability to Securities Transaction Tax)

The amended provisions of Article 117 shall apply starting with stocks or equity shares first transferred after this Act enters into force.

Article 10 (Applicability to Local Municipal Taxes)

The amended provisions of Articles 11 through 1219 shall apply starting with the portion first acquired after this Act enters into force.

Article 11 (Applicability to Duplicate Support Elimination)

The amended provisions of Articles 127, 128, 132, 144, 145 and 146 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 12 (Transitional Measures)

(1) A small or medium enterprise subjected to the former provisions of Articles 6 and 63 at the time this Act enters into force shall be governed by the former provisions.

(2) The acts performed by the Minister of Finance and Economy pursuant to the former provisions of Article 50 (2) 1 prior to the enforcement of this Act shall be deemed the acts performed by the Chairperson of the Financial Supervisory Commission.

(3) The addition to gross income of the reserves charged to deductible expenses pursuant to the former provisions of Articles 58 and 59 at the time this Act enters

into force, and additional collection thereof, shall be governed by the former provisions.

(4) In applying the amendments to Article 87 (2), the former provisions shall apply to the savings deposited on or before December 31, 1998.

ADDENDA <No. 6045, 28. Dec, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000: Provided, That the amended provisions of Articles 14, 16, 41 - 2, 44, 48 (4), 86 (2), 104 - 2, 117 (1) 2 - 2 and the amended provisions of subparagraph 3 of Article 4 of the Act on Special Rural Development Tax among the amended provisions of Article 16 of these Addenda, shall enter into force on the day of its promulgation, while the amended provisions of Articles 50, 72 (1) 2, 3, and 7, Articles 74 and 84 (excluding those concerning the farmland improvement cooperatives and the Agriculture Infrastructure Corporation), subparagraphs 5 and 6 of Article 105 and Article 116 shall enter into force on July 1, 2000, and the amended provisions of subparagraph 4 of Article 4 and Article 5 of the Act on Special Rural Development Tax among the amended provisions of Articles 89, 89 - 2 and 90 and the amended Article 16 of these Addenda shall enter into force on January 1, 2001.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and corporate tax in this Act shall apply starting with the portion of the first commencing taxable year after this Act enters into force.

(2) The amended provisions concerning the capital gains tax and special surtax in this Act shall apply starting with the portion of a transfer first effected after this Act enters into force.

(3) The amended provisions concerning the value - added tax in this Act shall apply starting with the portion of goods or services first supplied or purchased after this Act enters into force.

(4) The amended provisions concerning the special consumption tax in this Act shall apply starting with the portion of taxable period first arriving after this Act enters into force.

(5) The amended provisions concerning the stamp tax in this Act shall apply starting with the portion of taxable documents first prepared after this Act enters into force.

(6) The amended provisions concerning the customs in this Act shall apply starting with the portion of imports first declared after this Act enters into force.

Article 3 (Applicability to Exemption of Corporate Restructuring Cooperatives from Capital Gains Tax)

The amended provisions of Articles 14 and 16 shall apply starting with the portion of equity investments in a corporate restructuring cooperative, or of acquisition of stocks or equity shares by such a cooperative during the taxable period in which the enforcement date of this Act falls.

Article 4 (Applicability to Non - Residents' Income from Securities Transfer)

The amended provisions of Article 21 (3) shall apply starting with the portion of securities first transferred after this Act enters into force.

Article 5 (Applicability to Special Cases of Taxation, etc. on Investment in Kind)

(1) The amended provisions of Article 38 shall apply starting with the portion of investments in kind first made after this Act enters into force.

(2) The amended provisions of Article 41 - 2 (1) and (2) shall apply starting with the portion of assets donated gratuitously during the business year first closed after this Act enters into force, and the amended provisions of the same Article (3) shall apply starting with the portion of assets first donated after the date on which a petition is filed for commencement of liquidation proceedings, etc.

(3) The amended provisions of Article 44 shall apply starting with the portion of liabilities exempted in the business year closing first after this Act enters into force: Provided, That the decreased liability excluded from adding to gross income and included in deductible expenses which satisfy the requirements under each subparagraph of former Article 44 (1) shall be governed by the former provisions.

(4) The amended provisions of Article 48 (4) shall apply starting with the portion of bad debt allowances charged to deductible expenses in the business year whereto belongs the date on which this Act enters into force.

(5) The amended provisions of Article 120 (5) 8 shall apply starting with the portion of stocks first acquired after this Act enters into force.

Article 6 (Applicability to Special Tax Reductions or Exemptions for Corporations Relocated Outside Seoul Metropolitan Area)

(1) The amended provisions of Article 63 - 2 (2) shall apply starting with the portion of the taxable year whereto belongs the date on which a factory or head office is first relocated after this Act enters into force: Provided, That the same shall not apply where a site or building has been transferred prior to the enforcement of this Act, and such relocation is made after this Act enters into force.

(2) The amended provisions of Article 63 - 2 (3) and (4) shall apply starting with the portion of first transfer after this Act enters into force: Provided, That such portions are excluded where a relocation is made prior to the enforcement of this Act and a transfer is effected after this Act enters into force.

Article 7 (Applicability to Tax - Favored Savings)

(1) The amended provisions of Article 86 (2) shall apply starting with the portion of tax - favored savings terminated or withdrawn in other forms than annuity payments in the taxable period whereto belongs the date on which this Act enters into force.

(2) The amended provisions of Article 89 shall apply starting with the portion of savings contracts first concluded after this Act enters into force.

(3) The amended provisions of Article 90 - 2 shall apply starting with the portion of savings contracts first concluded or terminated after this Act enters into force.

Article 8 (Applicability to Subsidies to Fishery Business Operators)

The amended provisions of Article 104 - 2 shall apply starting with the portion of subsidies granted or received in the taxable year whereto belongs the date on which this Act enters into force.

Article 9 (Applicability to Value - Added Tax)

(1) The amended provisions of subparagraph 3 - 2 of Article 105 shall apply starting with the portion of adoption of donations first made to the State or local governments after this Act enters into force.

(2) The amended provisions of Article 107 shall apply starting with the portion of first supplied or purchased after this Act enters into force.

Article 10 (Applicability to Securities Transaction Tax)

The amended provisions of Article 117 shall apply starting with the portion of stock certificates or equity shares first transferred after this Act enters into force.

Article 11 (Applicability to Local Taxes)

The amended provisions of Articles 119 and 120 shall apply starting with the portion of registration or acquisition first effected after this Act enters into force.

Article 12 (Transitional Measures concerning Tax - Favored Savings Subjected to Special Cases of Tax Withholding at Source)

(1) Persons who establish the tax - favored savings accounts as of December 31, 2000 under the former provisions of Article 89 (1) 1 (excluding where the amended provisions of Article 89 - 2 are applicable), 3 (excluding the national stocks trust), 4, 5, 6 or 8 shall be deemed the holders of tax - favored comprehensive savings accounts under the amended provisions of Article 89. Where the total contracted amount of said savings accounts exceeds the limit for tax - favored comprehensive savings under the amended provisions of Article 89 (1) 3, such excess portion shall also be deemed the tax - favored comprehensive savings no later than the expiration of the same savings. <Amended by Act No. 6297, Dec. 29, 2000>

(2) Any financial institutions handling the tax - favored comprehensive savings under paragraph (1) shall notify the tax - favored savings data center of the name and resident registration number by holder of the said savings account, and other particulars including the conclusion and termination of savings contracts, and right transfers no later than December 31, 2000. <Amended by Act No. 6273, Oct. 21, 2000; Act No. 6297, Dec. 29, 2000>

(3) Deleted. <by Act No. 6297, Dec. 29, 2000>

Article 13 (Transitional Measures concerning Farmland Improvement Cooperatives, etc.)

In applying Article 84 (2), the use period of facilities by the former farmland improvement cooperatives or their national federation at the time this Act enters into force, shall be considered the period used by the Agriculture Infrastructure Corporation.

Article 14 (Transitional Measures concerning Household Livelihood Fund Savings)

(1) The former Article 90 shall apply only to incomes accruing on or before December 31, 2000 from the household livelihood fund savings under the same Article.

(2) The amended provisions of Article 90 - 2 shall apply to the tax - favored savings data on the household livelihood fund savings under the provisions of former Article 90 (2).

Article 15 (Transitional Measures concerning Rental Fees of Social Infrastructure Facilities)

The former provisions shall apply to goods and services subjected to exemption from the value - added tax under the former Article 106 (1) 5 as at the time this Act enters into force.

Article 16 Omitted.

Article 17 (Applicability following Amendments to other Acts)

The amended provisions of subparagraph 3 of Article 4 of the Act on Special Rural Development Tax in the amended provisions of Article 16 of these Addenda, shall apply starting with the taxable year whereto belongs the date this Act enters into force, and the amended provisions of subparagraph 4 of Article 4 and Article 5 of the same Act shall apply starting with the portion of a payment of income accruing after January 1, 2001.

Article 18 (Transitional Measures following Amendments to Other Acts)

In the case of the reduction or exemption for the interest and dividend income accruing from the savings under the provisions of former Article 89 (1) 4 from among the amended provisions of subparagraph 4 of Article 4 of the Act on Special Rural Development Tax, the former provisions shall apply, not later than the expiry of the same savings, to the portion of opening an account for such savings until December 31, 2000.

ADDENDA <No. 6054, 28. Dec, 1999 >

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) Omitted.

ADDENDA <No. 6055, 28. Dec, 1999 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000. (Proviso Omitted.)

Articles 2 through 20 Omitted.

ADDENDA <No. 6073, 31. Dec, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 6136, 12. Jan, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force two months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <No. 6194, 21. Jan, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 6273, 21. Oct, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the matters related to financial holding companies in the amended provisions of Articles 38, 52 - 2, 117, 119 and 120 shall enter into force on the date on which the Financial Holding Companies Act enters into force, while the amended provisions of Article 89 (2) shall enter into force on January 1, 2001.

Article 2 (Applicability to Tax Credit for Improvement of Bill System)

The amended provisions of Article 7 - 2 (1) shall apply starting with the portion first settled or issued after this Act enters into force: Provided, That the portion issued before the enforcement date of this Act shall be excluded in calculating the amount under paragraph (1) 2 of the same Article.

Article 3 (Applicability to Special Cases of Taxation on Corporate Division)

The amended provisions of Articles 45 - 2 and 106 (3) shall apply starting with the portion of a corporate division effected first after this Act enters into force.

Article 4 (Applicability to Special Cases of Taxation on Incorporation of Financial Holding Companies)

The amended provisions of Article 52 - 2 shall apply starting with the portion of stocks transferred or exchanged first after this Act enters into force.

Article 5 (Applicability to Special Cases of Taxation on Stock Transfer Margin, etc. of Corporate Restructuring Investment Companies)

The amended provisions of Article 55 (4) shall apply starting with the portion first transferred or dividend income first paid after this Act enters into force.

Article 6 (Applicability to Special Cases of Taxation of Corporate Tax on Merger of National Agricultural Cooperative Federation, etc.)

The amended provisions of Article 72 - 2 shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 7 (Applicability to Inclusion in Deductible Expenses, etc. of Donation)

(1) The amended provisions of Article 73 (1) 12 shall apply starting with the portion first disbursed after this Act enters into force.

(2) The amended provisions of Article 74 (1) 10 shall apply starting with the portion of taxable year whereto belongs the date this Act enters into force.

Article 8 (Applicability to Non - taxation on Livelihood Savings, etc.)

The amended provisions of Article 88 - 2 shall apply starting with the portion of savings accounts first opened after this Act enters into force, and the amended provisions of Article 88 - 3 shall apply starting with the portion of income first paid after this Act enters into force.

Article 9 (Applicability to Exemption of Securities Transaction Tax for Korea Deposit Insurance Corporation)

The amended provisions of Article 117 (1) 8, 16 and 17 shall apply starting with the portion of stocks sold, transferred or exchanged first after this Act enters into force.

Article 10 (Applicability to Exemption, etc. of Registration Tax)

The amended provisions of Article 119 (1) 18 through 20 and paragraph (6) of the same Article shall apply starting with the portion of registration first effected after this Act enters into force.

Article 11 (Applicability to Exemption of Acquisition Tax)

The amended provisions of Article 120 (5) 8 and 11 shall apply starting with the portion of stocks or equity shares first acquired after this Acts enters into force.

Article 12 (Applicability to Exclusion of Reduction or Exemption at Time of Estimated Taxation)

The amended provisions of the text of Articles 128 (1), 132 (1) 3, 144 (1) and 145 (1) shall apply starting with the portion of taxable year whereto belongs the date this Act enters into force.

Article 13 Omitted.

Article 14 (Applicability following Amendments to Other Acts)

The amended provisions of Article 13 of these Addenda shall apply starting with the portion of income first paid after this Act enters into force.

ADDENDA <No. 6297, 29. Dec, 2000>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2001: Provided, That the amended provisions of Articles 6, 72 - 2 (2) and 88 - 6 shall enter into force on its promulgation date, the portions concerning the donations in the amended provisions of Article 72 (1) and (4), on January 1, 2003, the amended provisions of Article 106 - 2, on January 1, 2002, and the amended provisions of Articles 121 - 2 (9), 121 - 5 (1) 1, (2) 1 and (3) 3, on February 1, 2001, respectively. <Amended by Act No. 6538, Dec. 29, 2001>

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and corporate tax in this Act shall apply starting with the portion of the first starting taxable year after this Act enters into force.

(2) The amended provisions concerning the capital gains tax and special surtax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amended provisions concerning the value - added tax in this Act shall apply starting with the portion of goods or services first supplied or purchased, goods declared for import after this Act enters into force.

(4) The amended provisions concerning the special consumption tax in this Act shall apply starting with the portion first shipped out of a manufacturing place or a bonded area, or declared for import after this Act enters into force.

Article 3 (Applicability to Tax Deduction on Small or Medium Enterprise's Investments)

The amended provisions of Articles 5 (1), 24, 25 and 25 - 2 shall apply starting with the portion first invested after this Act enters into force.

Article 4 (Applicability to Tax Reduction on Small or Medium Start - up Enterprises, etc.)

The amended provisions of Article 6 shall apply starting with the taxable year whereto belongs the enforcement date of this Act.

Article 5 (Applicability to Tax Reduction or Exemption, etc. on Technology Transfer Income)

The amended provisions of Article 12 shall apply starting with the portion first transferred, leased, provided or acquired after this Act enters into force.

Article 6 (Applicability to Non - taxation, etc. on Stock Transfer Margin by Small or Medium Start - up Business Investment Companies, etc.)

The amended provisions of Article 13 (excluding paragraph (1) 3 of the same Article) and Article 14 shall apply starting with the portion of stocks or equity shares first acquired after this Act enters into force, and the amended provisions of Article 13 (1) 3 shall apply starting with the portion of stocks or equity shares first transferred after this Act enters into force.

Article 7 (Applicability to Special Cases of Taxation on Stock Option)

The amended provisions of Article 15 shall apply starting with the portion of income accruing from exercising the stock option first granted after this Act enters into force.

Article 8 (Applicability to Interest Income from Social Infrastructure Bonds)

The amended provisions of Article 29 shall apply starting with the portion of income first received after this Acts enters into force.

Article 9 (Applicability to Payment of Reduced or Exempt Capital Gains Tax and others, and Amount Equivalent to Interest thereon)

The amended provisions concerning the payment of the reduced or exempt tax, and an amount equivalent to interest thereon in the amended provisions of Articles 33, 35 through 37, 40, 42, 46, 60, 61, 63 - 2, 66, 67, 70, 71, 77, 79 through 81, 82 and 83, shall apply starting with the portion for which the relevant cause first occurs after

this Act enters into force.

Article 10 (Applicability to Incorporation, etc. of Holding Companies Due to Investment in Kind or Exchange of Stocks)

The amended provisions of Articles 38 and 38 - 2 shall apply starting with the portion of stocks invested in kind or exchanged first after this Act enters into force.

Article 11 (Applicability to Special Cases of Taxation of Corporate Tax on Transfer Margin of Land, etc. Acquired for Support of Corporate Restructuring)

The amended provisions of Article 43 - 2 shall apply starting with the taxable year whereto belongs the date on which the land, etc. are first transferred after this Acts enters into force.

Article 12 (Applicability to Special Cases of Taxation, etc. on Corporate Division)

The amended provisions of Articles 45 - 2 and 106 (3) shall apply starting with the portion first divided or converted into equity investment after this Act enters into force.

Article 13 (Applicability to Tax Reduction or Exemption, etc. on Corporations Relocated Outside Seoul Metropolitan Life Zone or Project Executors in Abandoned Mine Promotion Zone)

(1) The amended provisions of Article 63 - 2 (excluding paragraph (7) of the same Article) shall apply starting with the portion of factories or head offices first relocated after this Act enters into force.

(2) The amended provisions of Article 64 (1) 2 shall apply starting with the portion of projects first started for locating in the abandoned mine promotion zone after this Act enters into force.

Article 14 (Applicability to Investment of Grassland in Kind)

The provisions of Articles 66 (4) and 68 (2) shall apply starting with the portion of grassland first invested in kind to a agricultural partnership corporation or an corporation of agricultural business after this Act enters into force.

Article 15 (Applicability to Special Cases of Taxation of Corporate Tax on National Agricultural Cooperatives Federation)

The amended provisions of Article 72 - 2 (2) shall apply starting with the taxable year whereto belongs the promulgation date of this Act.

Article 16 (Applicability to Charging Donation to Deductible Expenses)

The amended provisions of Article 73 shall apply starting with the portion first disbursed after this Act enters into force.

Article 17 (Applicability to Special Cases of Taxation of Gift Tax Imposition following Dissolution of School Corporation)

The amended provisions of Article 81 - 2 shall apply starting with the portion first determined after this Act enters into force.

Article 18 (Applicability to Income Deduction, etc. for Pension Savings)

(1) The amended provisions of Article 86 (2) and (6) shall apply starting with the portion of private pension savings accounts first transferred after this Act enters into force.

(2) The amended provisions of Article 86 - 2 shall apply starting with the portion of savings accounts first opened after this Act enters into force.

Article 19 (Applicability to Tax - exempted Savings and Low - tax Savings, etc.)

(1) The amended provisions of Article 87 shall apply starting with the portion of savings accounts first terminated after this Act enters into force.

(2) The amended provisions of Article 88 - 2 (1) shall apply starting with the portion of savings accounts first opened after this Act enters into force.

(3) The amended provisions of Articles 88 - 4 and 88 - 5 shall apply starting with the portion of dividend income first paid after this Act enters into force.

(4) The amended provisions of Article 88 - 6 shall apply starting with the portion of savings accounts first opened in the taxable year whereto belongs the promulgation date of this Act.

(5) The amended provisions of Article 89 - 3 shall apply starting with the portion of income first accruing after this Act enters into force.

(6) The amended provisions of Article 90 - 2 shall apply starting with the portion of tax - favored savings data for which a submission duty first effected after this Act enters into force.

(7) The amended provisions of Article 91 - 2 (1) shall apply starting with the portion of income first accrued and paid after this Act enters into force, and the amended provisions of paragraph (6) of the same Article shall apply starting with the portion of profits first distributed or the portion of payment made for repurchase after this Act enters into force.

(8) The amended provisions of Article 92 shall apply starting with the portion of income first paid after this Act enters into force.

Article 20 (Applicability to Special Cases of Taxation of Capital Gains Tax following Transfer of Houses for Acquisition of Newly - built Houses)

The amended provisions of Article 99 - 2 shall apply starting with the portions first transferred on or after September 1, 2000.

Article 21 (Applicability to Inclusion of Treasury Stock Disposal Loss Reserves in Deductible Expenses)

The amended provisions concerning Article 104 - 3 in Articles 104 - 3 and 132 (1) 1 shall apply starting with the portion first reported after this Act enters into force.

Article 22 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 23 (Applicability to Exemption of Stamp Tax)

The amended provisions of Article 116 shall apply starting with the portion of taxable documents first prepared after this Act enters into force.

Article 24 (Applicability to Abatement of Customs)

The amended provisions of Article 118 (1) 10 shall apply starting with the portion first declared for import after this Act enters into force.

Article 25 (Applicability to Exemption of Registration Tax and Acquisition Tax)

The amended provisions of Articles 119 and 120 shall apply starting with the portion first registered or acquired after this Act enters into force.

Article 26 (Applicability to Foreigner's Investment Ratio in Case of Merger of Foreign - invested Enterprises)

The amended provisions of the latter part of Article 121 - 2 (2) shall apply starting with the portion of merger first effected after this Act enters into force.

Article 27 (Applicability to Application for Tax Reduction or Exemption after Lapse of Application Period for Foreign - invested Enterprises, etc.)

The amended provisions of Article 121 - 2 (10) or 121 - 6 (3) shall apply starting with the portion first applied for tax reduction or exemption after this Act enters into force.

Article 28 (Applicability to Elimination of Overlapped Support of Capital Gains Tax, etc.)

The amended provisions of Article 127 (7) shall apply starting with the portion first applied for reduction or exemption of the capital gains tax or special surtax after this Act enters into force.

Article 29 (Special Cases of Exemption of Value - added Tax on Retail Business, etc. by Organizations Performing Government Affairs in Proxy)

The exemption of value - added tax on "those prescribed by Presidential Decree among the items listed in subparagraph 6" in the text of former Article 106 (1) shall be applied only to the portions supplied not later than June 30, 2001, notwithstanding the former time limit applicable.

Article 30 Deleted. <by Act No. 6538, Dec. 29, 2001 >

Article 31 (Transitional Measures concerning Inclusion of Business Loss Reserves in Deductible Expenses)

The amended provisions of Article 8 - 2 shall apply to small or medium enterprises, whose stocks are listed on the Korea Stock Exchange or registered with the Korea Securities Dealers Association (KOSDAQ) at the time this Act enters into force, by treating them as listed or registered on the date on which this Act enters into force.

Article 32 (Transitional Measures concerning Tax Deduction, etc. on Technology and Manpower Development Expenses)

(1) The amended provisions of Articles 9 and 10 shall apply to the amount incurred, but not disbursed, among technology development reserves under the provisions of former Article 9 or technology and manpower development expenses under Article 10, by treating them as having incurred in the taxable year first commenced after this Act enters into force.

(2) The former provisions of subparagraphs 3 and 6 of Article 146 shall apply to the additional collection of amounts deducted under the former provisions of Articles 27, 27 - 2, 65 (2), 103 and 126 at the time this Act enters into force.

Article 33 (Transitional Measures concerning Inclusion of Energy - saving Facility Investment Reserves in Deductible Expenses)

The former provisions shall apply to the inclusion in gross income of the reserves charged to deductible expenses pursuant to the former provisions of Article 30 at the time this Act enters into force. In this case, the amended provisions of Article 4 (4) shall apply mutatis mutandis to the payment of additional amount equivalent to the interest on the amount added to gross income.

Article 34 (Transitional Measures concerning Additional Collection, etc. of Abated or Exempted Special Surtax, etc.)

The former provisions shall apply to the additional collection of the special surtax or capital gains tax reduced or exempted pursuant to the former provisions of Articles 38 - 2 and 46 - 2 at the time this Act enters into force: Provided, That the amended provisions of Article 33 (2) and (4) shall apply mutatis mutandis in case where an event falling under any of the subparagraphs of former Articles 38 - 2 (3) and 46 - 2 (2) occurs after this Act enters into force.

Article 35 (Transitional Measures concerning Reduction or Exemption of Special Surtax for Support of Corporate Financial Restructuring) Notwithstanding the amended provisions of Article 37 (1), the amo

Article 36 (Transitional Measures concerning Special Cases of Taxation, etc. on Corporate Division)

Corporate improvement programs approved by the corporate restructuring committee under the former provisions of Article 45 - 2 at the time this Act enters into force shall be regarded as approved by the creditor financial institutions consultative council under this Act.

Article 37 (Transitional Measures concerning Tax Reduction or Exemption for Newly - built Hospitals in Poor Medical Service Area)

The former provisions shall, only for the remaining tax reduction period, apply to the clinics and general hospitals subject to the former provisions of Article 65 (1) at the time this Act enters into force.

Article 38 (Transitional Measures concerning Deposits in Cooperatives, etc.)

(1) Account holders for deposit in cooperatives, etc. under the amended provisions of Article 89 - 3 as of December 31, 2004 shall be treated as having established a tax - favored comprehensive savings account under Article 89, but where the total sum of the said deposit and the contract amount of tax - favored comprehensive savings exceeds the limit of tax - favored comprehensive savings under Article 89 (1) 3, such excessive portions shall also be treated as the tax - favored comprehensive savings not later than the expiration of such deposit account.

(2) Financial institutions handling the deposits in cooperatives, etc. shall notify the tax - favored savings data center of the account holder's name, resident registration number, conclusion or termination of savings contracts, and details of rights transfer under Article 89 (2) not later than December 31, 2004.

Article 39 (Transitional Measures concerning Additional Collection of Abated or Exempted Special Consumption Tax)

The former provisions of Article 113 (1) shall apply to the additional collection of the special consumption tax exempted under the former provisions of subparagraphs 9 and 10 of Article 109 at the time this Act enters into force.

Article 40 (Transitional Measures concerning Exemption of Registration Tax and Acquisition Tax)

The former provisions of Articles 119 (1) 7 and 120 (1) 6 shall apply to the exemption of registration tax and acquisition tax on the assets acquired through a corporate division under the former provisions of Article 38 - 2 at the time this Act enters into force.

Article 41 (Transitional Measures concerning Elimination, etc. of Overlapping Tax Deduction on Energy - saving Facility Investment)

The former provisions of Articles 127, 128, 132, 144 and 145 shall apply to the reduced or exempted tax under the amended provisions of Article 25 - 2 in the taxable years that start before an enforcement of this Act and end after an enforcement of this Act, by treating such tax as having been reduced or exempted under former Article 25.

Article 42 (Transitional Measures concerning Tax Reduction or Exemption for Foreigners' Investment)

In applying the amended provisions of Article 121 - 2 (10) or 121 - 6 (3), where applications for tax reduction or exemption are filed before this Act enters into force, but a decision on tax reduction or exemption or a verification of tax exemption has not been obtained not later than the date this Act enters into force, such applications for tax reduction or exemption and for tax exemption shall be regarded as having been filed on the date this Act enters into force.

Article 43 (Transitional Measures concerning Post Management of Taxes Abated or Exempted for Small Businesses, etc.)

The reduced or exempted tax amount (excluding the amount falling under each subparagraph of former Article 145 (4) and the text of former Article 145 (6)) subjected to the provisions of former Article 145 (1) and (6) at the time this Act enters into force for the small or medium corporations, shall be deemed to have been first reduced or exempted in the taxable year first commencing after the

enforcement of this Act, but notwithstanding the amendments to Article 145 (5), it shall be used for an investment in the fixed assets or for repaying the borrowings not later than the end of the taxable year whereto belongs December 31. 2005.
<Amended by Act No. 6538, Dec. 29, 2001 >

ADDENDA <No. 6299, 29. Dec, 2000 >

Article 1 (Enforcement Date)

This Act shall enter into force on September 1, 2001.
Articles 2 and 3 Omitted.

ADDENDA <No. 6305, 29. Dec, 2000 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2001.
Articles 2 through 8 Omitted.

ADDENDA <No. 6312, 29. Dec, 2000 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2001. (Proviso Omitted.)
Articles 2 through 12 Omitted.

ADDENDA <No. 6372, 16. Jan, 2001 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.
Articles 2 through 6 Omitted.

ADDENDA <No. 6480, 24. May, 2001 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 106 (1) 4 - 2, 119 (6) shall enter into force on July 1,

2001, and the amended provisions of Article 106 (1) 4 - 3 on January 1, 2004.

Article 2 (Applicability to Special Cases for Inclusion in Losses of Proper Purpose Business)

The amended provisions of Articles 74 (3) shall apply to the portion of incomes first accruing after the enforcement date of this Act.

Article 3 (Applicability to Employee Stock Ownership Dividend Income and Long - held Stocks Dividend Income)

The amended provisions of Articles 88 - 4 and 91 shall be applied to the portion of incomes first paid after the enforcement date of this Act.

Article 4 (Applicability to Special Cases of Taxation on Electronic Over - the - counter Transactions)

The amended provisions of Article 104 - 4 shall be applied to the portion of transfer of stocks first made after the enforcement date of this Act.

Article 5 (Applicability to Exemption of Value - Added Tax)

The amended provisions of Article 106 shall be applied to the portion of services first provided after the enforcement date of this Act.

Article 6 (Applicability to Exemption of Securities Transaction Tax)

The amended provisions of Article 117 shall be applied to the portion of transfer of stocks first made after the enforcement date of this Act.

Article 7 (Applicability to Exemption, etc. of Registration Tax)

The amended provisions of Article 119 shall be applied to the portion of establishment registration first made after the enforcement date of this Act.

ADDENDA <No. 6501, 14. Aug, 2001 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 7 - 2 shall enter into force on November 1, 2001.

Article 2 (Application Example to Tax Credit for Improvement of Enterprise's Bill Systems)

The amended provisions of Article 7 - 2 shall apply from the portion of first using the corporate card meant exclusively for paying business purchases on or after November 1, 2001.

Article 3 (Application Example to Special Refund Example, etc. by Retroactive Deduction of Losses of Small or Medium Business)

The portions related to the investment loss reserves among the amended provisions of Article 8 - 3 and of Article 55 - 2 shall apply from the portion of taxable year whereto belongs the date of promulgation of this Act.

Article 4 (Application Example to Temporary Investment Tax Credit)

The amended provisions of Article 26 (2) through (4) shall apply from the portion of intermediate prepayment first made after the enforcement of this Act.

Article 5 (Application Example to Reduction or Exemption of Transfer Tax or Special Surtax)

(1) The portions related to Article 94 (1) 3 of the Income Tax Act among the amended provisions of Article 55 (4), 55 - 2 (3) and 55 - 2 (4) and the amended provisions of Articles 56, 78 (1) 11 and 14 and 99 - 3 (1) shall apply from the portion first transferred after the enforcement of this Act.

(2) The amended provisions of Article 78 (2) shall apply from the portion first commencing the lease on or after May 7, 2001.

Article 6 (Application Example to Dividend Income Paid to Investors in Real Estate Investment Company)

The portion related to the dividend among the amended provisions of Article 55 - 2 (4) shall apply from the portion of dividend first accruing after the enforcement of this Act.

Article 7 (Application Example to Non - taxation, etc. on High - income High - risk Trust Savings)

The amended provisions of Article 87 - 2 shall apply from the portion of savings first opened after the enforcement of this Act.

Article 8 (Application Example to Exemption, etc. of Registration Tax and Acquisition Tax)

(1) The amended provisions of Article 119 (1) and (7) shall apply from the portion of registration first filed after the enforcement of this Act.

(2) The amended provisions of Articles 119 (6) and 120 (4) shall apply from the portion of acquisition first made after the enforcement of this Act.

Article 9 (Application Example to Tax Credit on Increase of Revenue Amount, etc.)

The amended provisions of Article 122 shall apply to the portion of revenue amount by credit card for the taxable year whereto belongs the date of promulgation of this Act.

Article 10 (Application Example to Income Deduction for Amounts of Using credit card, etc.)

The amended provisions of Article 126 - 2 (1) shall apply to the portion of using the credit cards or debit cards in the taxable year whereto belongs the date of promulgation of this Act.

Article 11 (Transitional Measures concerning Amounts Using Corporate Cards Meant Exclusively for Paying Business Purchases)With respect to the amount using the corporate card meant exclusively for pay

Article 12 (Transitional Measures concerning Reduction or Exemption of Special Surtax following Transfer of Apartment - type Factory)

Where the Small Business Corporation transfers on or before December 31, 2003 to the end - user occupants the apartment - type factory built by it on or before May 7, 2001 under the Industrial Placement and Factory Construction Act, the former provisions shall govern with respect to the reduction or exemption of special surtax, notwithstanding the amended provisions of Article 78 (1).

Article 13 (Transitional Measures concerning Reduction or Exemption of Capital Gains Tax on Acquisitor of Newly - built House)

Where any person has acquired a newly - built house under the former provisions of Article 99 - 3 (1) on or before May 23, 2001, and transfers the said house after the enforcement of this Act, the former provisions shall govern with respect to the reduction or exemption of capital gains tax and the calculation of revenue amounts subject to imposition of transfer tax, notwithstanding the amended provisions of Article 99 - 3 (1).

ADDENDA <No. 6510, 14. Aug, 2001 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2002.

Articles 2 through 7 Omitted.

ADDENDA <No. 6519, 21. Nov, 2001 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Tax Deduction and Non - Taxation on Long - Term Stocks Savings) The amended provisions of Article 87 - 3 shall be applicable from the portion of deposits paid in the taxable year whereto belongs the enforcement date of this Act.

ADDENDA <No. 6538, 29. Dec, 2001 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2002: Provided, That the amended provisions of Articles 5 - 2, 15 (1) and (2), 16 (3), 23 (1), 38 (3) through (5), 38 - 3, 45 - 2, 72 - 2 (2), 73 (1) 15, 74 (1) 12, 86 - 2 (10), 88 - 5 (2), 89 (1), 117 (1) 4 through 6, 10 and 18, 119 (1) 18, and 144 (2) shall enter into force on the date of its promulgation, the amended provisions of Article 106 - 2 (3) and (4) on July 1, 2002, and the amend provisions of Articles 106 (2) 2, 121 - 2 (excluding the portion concerning investment ratio of foreigners in the forepart of paragraph (2)), and 121 - 5 on January 1, 2003, respectively.

Article 2 (General Applicability)

(1) The amended provisions of the income tax and corporate tax of this Act shall apply starting with the taxable year first commencing after this Act enters into force.

(2) The amended provisions of the capital gains tax of this Act shall apply starting with the portion of transfer first made after this Act enters into force.

(3) The amended provisions of the value - added tax of this Act shall apply starting with the portion of supply, or being supplied, of goods or services, or the portion of goods declared for import, first made after this Act enters into force.

(4) The amended provisions of the special consumption tax and traffic tax of this Act shall apply starting with the portion of carried - out from the manufacturing place of bonded area, or the portion of import declaration, first made after this Act enters into force.

(5) The amended provisions of the stamp tax of this Act shall apply starting with the portion of preparing the taxable documents, first made after this Act enters into force.

(6) The amended provisions of the securities transaction tax of this Act shall apply starting with the portion of transferring the stocks or equity shares, first made after this Act enters into force.

(7) The amended provisions of the customs duties of this Act shall apply starting with the portion of import declaration, first made after this Act enters into force.

(8) The amended provisions of the acquisition tax and registration tax of this Act shall apply starting with the portion of acquisition or registration, first made after this Act enters into force.

Article 3 (Applicability of Tax Credits, etc. for Investments of Small or Medium Enterprises)

The amended provisions of Articles 5 (1), 11 (1), 24 (1) and 130 (excluding the portion concerning business places) shall apply starting with the investments made on or after September 3, 2001, which is the portion of tax base return (excluding a return after term under Article 45 - 3 of the Framework Act on National Taxes), first made after this Act enters into force.

Article 4 (Applicability of Special Taxation on Supporting Projects for Informatization of Small or Medium Enterprises)

The amended provisions of Article 5 - 2 shall apply from the taxable year in which the date of promulgation of this Act falls.

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

The amended provisions of Article 6 (4) shall apply from the portion of commencing a business after this Act enters into force.

Article 6 (Applicability of Tax Credits for Improving Enterprises' Note Systems, etc.)

(1) The amended provisions of Article 7 - 2 shall apply from the portion of paying the purchase price by using an exclusive - use card for business purchase or by utilizing a loan system on security of credit sale claims, first made after this Act enters into force.

(2) The amended provisions of Article 7 - 3 shall apply from the portion of purchase first made after this Act enters into force.

Article 7 (Applicability of Non - Taxation, etc. on Gains from Transfer of Stocks by Specialized Materials and Components Investment Funds)

The amended provisions of Articles 13 and 14 (1) 6, (2), (4) 4 and (5) shall apply from the first acquisition of the stocks or equity shares or the dividend income distributed after this Act enters into force, and the amended provisions of Article 14 (1) shall apply from the first transfer of the stocks or equity shares, made after this Act enters into force.

Article 8 (Applicability of Special Taxation on Stock Options)

The amended provisions of Article 15 (1) and (2) shall apply from the portion of being granted in the taxable year whereto belongs the date of promulgation of this Act.

Article 9 (Applicability of Income Deductions for Investments to Small or Medium Enterprise Start - Up Investment Fund)

(1) The amended provisions of Article 16 (1) shall apply from the portion of contribution or investment first made after this Act enters into force.

(2) The amended provisions of Article 16 (3) shall apply from the portion of contribution or investment in the taxable year whereto belongs the date of promulgation of this Act.

Article 10 (Applicability of Special Case of Inclusion of Transfer Margin of International Ships in Deductible Expenses)

(1) The amended provisions of Articles 23 (1), 38 (3) through (5) and 45 - 2 shall apply from the taxable year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Article 34 shall apply from the portion of business conversion first made after this Act enters into force.

Article 11 (Applicability of Special Taxation on Investment in Kind of Stocks of Foreign Affiliates of Domestic Corporation)

The amended provisions of Article 38 - 3 shall apply from the portion of investment in kind in the business year whereto belongs the date of promulgation of this Act.

Article 12 (Applicability of Special Taxation on Corporate Restructuring Specialization Companies, etc.)

(1) The amended provisions of Article 55 (1) shall apply from the portion of transferring the stocks or equity shares or of being paid the dividend income, first made after this Act enters into force.

(2) The amended provisions of Article 55 - 2 (4) shall apply from the portion of lease income accruing in the business year commenced first after this Act enters into force. In this case, if the lease income first accrues before December 31, 2001, it shall apply only to the remaining reduction of exemption period.

Article 13 (Applicability of Tax Credits for Small or Medium Enterprises Relocating to Area Outside of Seoul Metropolitan Area and Corporation Relocating to Outside of Seoul Metropolitan Life Zone)

The amended provisions of Articles 63 and 63 - 2 (1) shall apply to the portion of relocating a factory or main office, first made after this Act enters into force.

Article 14 (Applicability of Special Taxation for Corporate Tax on Merger of National Agricultural Cooperatives Federation, etc.)

The amended provisions of Article 72 - 2 (2) shall apply from the portion of being paid in the business year whereto belongs the date of promulgation of this Act.

Article 15 (Applicability of Special Case of Inclusion of Donations and Proper Purpose Business Reserves in Deductible Expenses)

(1) The amended provisions of Article 73 (1) (excluding subparagraph 15) shall apply from the portion of disbursement first made after this Act enters into force.

(2) The amended provisions of Articles 73 (1) 15 and 74 (1) 12 shall apply from the portion of disbursement or of inclusion in deductible expenses in the taxable year whereto belongs the date of promulgation of this Act.

Article 16 (Applicability of Income Deductions of Annuity Savings)

The amended provisions of Article 86 - 2 (10) shall apply from the portion of payment in the taxable year whereto belongs the date of promulgation of this Act.

Article 17 (Applicability of Special Taxation on Members of Employee Stock Ownership Association, etc.)

The amended provisions of Article 88 - 4 shall apply from the portion of contribution first made after this Act enters into force.

Article 18 (Applicability of Special Taxation on Equity Investments in Cooperatives, etc. and Tax - Favored Comprehensive Savings)

The amended provisions of Articles 88 - 5 (2) and 89 (1) shall apply from the portion of incomes accruing in the taxable year whereto belongs the date of promulgation of this Act.

Article 19 (Applicability of Exemption from Securities Transaction Tax for Stocks, etc. of Electronic Over - the - Counter Transactions)

(1) The amended provisions of Articles 117 (1) 4 through 6, 10 and 18 shall apply from the portion of transfer first made in the taxable year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Article 117 (1) 14 and (2) 3 shall apply from the portion of a decision or revision first made after this Act enters into force.

Article 20 (Applicability of Exemption from Local Tax)

(1) The amended provisions of Article 119 (1) 18 shall apply from the portion of the business year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Articles 119 (1) 21, 22 and 120 (1) 17 and 18 shall apply from the portion of a registration or acquisition first made after this Act enters into force by the corporation first established after this Act enters into force.

Article 21 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Foreign Investments)

(1) The amended provisions of Articles 121 - 2 (excluding the portion concerning the ratio of foreign investments in the forepart of paragraph (2)) and 121 - 5 shall apply from the portion of foreign investments first reported after January 1, 2003.

(2) The portion concerning the ratio of foreign investments from among the amended provisions of the forepart of Article 121 - 2 (2) shall apply from the portion of investments first made after this Act enters into force.

Article 22 (Applicability of Exclusion of Tax Reductions or Exemptions for Investments within Seoul Metropolitan Area)

The portion concerning business places from among the amended provisions of Article 130 (1) shall apply from the portion of commencing a business by newly installing a business place within the Seoul Metropolitan area or of installing by relocating the existing business place, first made after this Act enters into force.

Article 23 (Applicability of Carried - Over Deduction of Tax Deduction Amount)

The amended provisions of Article 144 (2) shall apply from the portion subjected to a deduction in the taxable year whereto belongs the date of promulgation of this Act.

Article 24 (Applicability of Accumulation for Business Rationalization Reserve)

(1) The amended provisions of Article 145 (5) shall apply from the portion of repayment of the borrowings first made after this Act enters into force.

(2) The amended provisions of Article 146 shall apply from the portion of revision first made after this Act enters into force.

Article 25 (Transitional Measures concerning Reduction or Exemption, etc. of Carried - Over Taxation and Capital Gains Tax, etc.)

(1) With regard to the transfer subject to the carried - over taxation under former Article 2 (1) 6 at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended provisions of Article 2 (1) 6.

(2) With regard to the reduction or exemption, carried - over taxation, deferment of taxation and additional collection of capital gains tax and special surtax in the case of transfer of land, etc. under former Articles 33, 35 through 38, 42, 43, 46 - 2, 48, 50, 51, 55 - 2 (3), 56, 60, 61, 63 - 2, 69 through 71, 77 through 81, 82 through 85, 97 and 97 - 2, the former provisions shall govern.

(3) The reduction or exemption of capital gains tax for a person who has acquired on and before December 31, 1999 the real estate subject to reduction or exemption of capital gains tax or special surtax under the provisions of former Articles 36 (1), 37 (1) and 42 (1), shall be governed by the former provisions, notwithstanding the amended provisions of Article 43.

Article 26 (Transitional Measures concerning Tax Reduction or Exemption for Business - converted Small or Medium Enterprises)With regard to a person subjected to former Article 34 (1) at the time of enf

Article 27 (Transitional Measures concerning Special Cases of Taxation on Corporate Restructuring Securities Investment Company)With regard to an inclusion in gross income of the securities investment

Article 28 (Transitional Measures concerning Exemption of Capital Gains Tax for Self - Cultivating Farmland)

(1) With regard to an exemption of capital gains tax on the transfer of farmland subjected to an incorporation into other living area, commercial area or industrial area under the provisions of the Urban Planning Act, or to a designation of scheduled land substitution as other land than farmland before the disposition of land substitution under the Urban Development Act and other Acts, the former provisions shall govern, notwithstanding the amended provisions of the proviso of Article 69 (1).

(2) With regard to the integrated limit of reduction or exemption of capital gains in case where a resident has been subjected to reduction or exemption of capital gains tax on the capital gains (including the capital gains under paragraph (1)) accruing from the transfer of self - cultivating farmland under the amended provisions of Article 69 from January 1, 2002 to December 31, 2003, the former provisions shall govern, notwithstanding the amended provisions of Article 133 (2) and (3). In this case, the term "300 million won" in Article 133 (2) and (3) shall be read as "200 million won".

Article 29 (Transitional Measures concerning Reduction or Exemption of Apartment - style Factory)With regard to a resident subjected to a construction permit for building an apartment - style factory at t

Article 30 (Transitional Measures concerning Withholding Tax on House Purchase Savings)With regard to the house purchase savings subscribed not later than December 31, 2001 under former Article 89 - 2,

Article 31 (Transitional Measures concerning Income Deduction for Livestock Industry)
(1) With regard to a national carrying on the livestock industry under former Article 101 (1) at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended provisions of Article 101.

(2) Where a national carrying on the livestock industry is subjected to income deduction under paragraph (1), he/she shall not be subject to the special tax reduction or exemption for a small or medium enterprise under Article 7 and the tax credit for temporary investment under Article 26.

Article 32 (Transitional Measures concerning Additional Collection of Abated or Exempted Tax Amount of Special Consumption Tax)

(1) With regard to an exemption of special consumption tax on those imported from foreign countries as the domestic production under former subparagraphs 7, 8 and 13 of Article 109 is difficult, the former provisions shall govern only on the portion of being carried out from the bonded area, or of being declared for importation, not later than December 31, 2003.

(2) With regard to the additional collection of special consumption tax which has been subjected to, or is to be subjected to, an exemption under former Article 109 at the time of enforcement of this Act, the provisions of former Article 113 (1) and (3) shall govern.

ADDENDA <No. 6689, 20. Apr, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 121 - 13 shall enter into force on September 1, 2002.

Article 2 (Application Example to Special Cases of Taxation on Incomes Generated from Domestic Sources of Non - Residents, etc. Related to 2002 FIFA World Cup)

The amended provisions of Article 104 - 5 shall apply from the portion of incomes paid first after the enforcement of this Act.

Article 3 (Application Example to Reduction or Exemption, etc. of Corporate Tax, etc. on Companies Located in Jeju High - tech Science and Technology Complex)

(1) The amended provisions of Articles 121 - 8 (1) and 121 - 9 (2) shall apply from the taxable year whereto belongs the enforcement date of this Act.

(2) The amended provisions related to the acquisition tax and registration tax from among the amended provisions of Article 121 - 9 (3) shall apply from the portion of first acquisition after the enforcement of this Act, and the amended provisions related to the property tax shall apply to the portion of constituting the tax liability first after the enforcement of this Act. <Amended by Act No. 7332, Jan. 5, 2005>

Article 4 (Application Example to Special Case of Indirect Tax, etc. on Duty - free Shops for Nationals in Jeju - do)

(1) The amended provisions related to value - added tax from among the amended provisions of Article 121 - 13 shall apply from the portion of supplying the goods or receiving them or of filing an import declaration first after September 1, 2002.

(2) The amended provisions related to the special consumption tax, liquor tax and tobacco consumption tax from among the amended provisions of Article 121 - 13 shall apply from the portion of goods carried out from a manufacturing place or of filing an import declaration first after September 1, 2002.

Article 5 (Application Example to Special Case of Special Consumption Tax, etc. on Golf Courses within Jeju - do)

(1) The amended provisions of Article 121 - 14 (1) shall apply from the portion of admissions into a golf course first after the enforcement of this Act.

(2) The amended provisions related to the acquisition tax from among the amended provisions of Article 121 - 14 (2) shall apply from the portion of acquisition first after the enforcement of this Act, and the amended provisions related to the property tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act. <Amended by Act No. 7332, Jan. 5, 2005 >

Article 6 (Application Example to Reduction or Exemption, etc. of Local Tax on Registration of International Vessels)

The amended provisions related to the acquisition tax and local education tax from among the amended provisions of Article 121 - 15 shall apply from the portion of acquisition after the enforcement of this Act, and the amended provisions related to the property tax and joint facility tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act.

Article 7 (Application Example to Reduction or Exemption, etc. of Local Tax on Jeju Free International City Development Center)

(1) The amended provisions related to the acquisition tax and registration tax from among the amended provisions of Article 121 - 16 (1) shall apply from the portion of acquisition after the enforcement of this Act, and the amended provisions related to the property tax, urban planning tax and joint facility tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act. <Amended by Act No. 7332, Jan. 5, 2005 >

(2) The amended provisions of Article 121 - 16 (2) shall apply from the portion of registration first after the enforcement of this Act.

ADDENDA <No. 6705, 26. Aug, 2002 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
Articles 2 through 4 Omitted.

ADDENDA <No. 6708, 26. Aug, 2002 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation: Provided, That the amendments to Article 105 shall enter into force on

January 1, 2003.

(2) (Application Example) The amendments to Article 105 shall apply from the portion first provided or being provided after January 1, 2003, and the amendments to Article 106 shall apply from the portion first provided after the enforcement date of this Act.

ADDENDA <No. 6762, 11. Dec, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2003: Provided, That the amendments to Articles 38 - 2 (3) 1 (proviso), 94 (4), 145 and 146 shall enter into force on the date of its promulgation, the amendment to Article 106 - 3 shall enter into force on July 1, 2003, and the amendment to Article 126 - 2 shall enter into force December 1, 2002.

Article 2 (General Applicability)

(1) The amendments relating to the income tax and corporate tax in this Act shall apply starting with the taxable year that first starts after this Act enters into force.
(2) The amendments relating to the capital gains tax in this Act shall apply starting with the portion first transferred after this Act enters into force.

Article 3 (Application Example to Reduction and Exemption of Tax Amount for Small or Medium Start - up Enterprise, etc.)

The amendment to Article 6 shall apply starting with the portion first start - up or first confirmed as a venture business after this Act enters into force.

Article 4 (Application Example to Tax Deduction for Improvement of Enterprise's Bill System)

The amendment to Article 7 - 2 (1) shall apply starting with the portion first settled, used or utilized after this Act enters into force.

Article 5 (Application Example to Special Case, etc. on Adding in Deductible Expenses for Facilities to Support Small or Medium Enterprise)

The amendment to Article 8 shall apply starting with the portion first donated or transferred after this Act enters into force.

Article 6 (Application Example to Tax Credit for Investment in Facilities for Research and Manpower Development)

The amendments to Articles 11, 24, and 25 - 2 shall apply starting with the portion first invested after this Act enters into force.

Article 7 (Application Example to Special Cases of Taxation on Income, etc. from Technology Transfer)

The amendment to Article 12 (2) shall apply starting with the portion first acquired after this Act enters into force.

Article 8 (Application Example to Special Cases of Taxation on Investment in Small or Medium Start - up Business Investment Companies, etc.)

The amendment to Article 14 (2) shall apply starting with the portion first acquiring the stocks or equity shares after this Act enters into force.

Article 9 (Application Example to Special Cases of Taxation on Foreign Workers)

The amendment to Article 18 - 2 shall apply starting with the portion of incomes first accruing after this Act enters into force.

Article 10 (Application Example to Tax Reduction or Exemption on Off - shore Financial Business)

The amendment to Article 21 (2) shall apply starting with the portion of paying or receiving the incomes first accruing after this Act enters into force.

Article 11 (Application Example to Carried - Over Taxation of Capital Gains Tax for Conversion into Corporation)

The amendment to Article 32 (1) shall apply starting with the portion first invested in kind or transferring business after this Act enters into force.

Article 12 (Application Example to Special Cases of Taxation on Establishment, etc. of Holding Company)

(1) The amendment to Article 38 - 2 (excluding the proviso of paragraph (3) 1) shall apply starting with the portion first invested in kind after this Act enters into force.

(2) The amendment to the proviso of Article 38 - 2 (3) 1 shall apply starting with the portion of taxable year whereto belongs the date of promulgation of this Act.

Article 13 (Application Example to Special Cases of Taxation on Debt Exemption Gains of Corporation Granted Decision on Approval of Reorganization Program)

The amendment to Article 44 shall apply starting with the portion first subjected to debt exemption after this Act enters into force.

Article 14 (Application Example to Special Cases of Taxation of Corporate Tax on Relocating Corporate Headquarters Outside Over concentration Control Region of Seoul Metropolitan Area)

The amendment to Article 61 shall apply starting with the portion first transferred in order to relocate the corporate headquarters outside the over concentration control region of the Seoul Metropolitan area after this Act enters into force.

Article 15 (Application Example to Tax Reduction or Exemption for Small or Medium Enterprise Relocated Outside Over concentration Control Region of Seoul Metropolitan Area)

(1) The amendment to Article 63 shall apply starting with the portion first commencing a business by moving the factory outside the overconcentration control region of the Seoul Metropolitan area after this Act enters into force.

(2) The amendment to Article 63 - 2 shall apply starting with the portion first commencing a business by moving the factory outside the Seoul Metropolitan area after this Act enters into force.

Article 16 (Application Example to Income Deduction, etc. for Annuity Savings)

The amendment to Article 86 - 2 shall apply starting with the portion first receiving an annuity payment or terminating it after this Act enters into force.

Article 17 (Application Example to Special Cases of Taxation on Members of Employee Stock Ownership Association)

The amendment to Article 88 - 4 (7) shall apply starting with the portion first acquiring the treasury stocks after this Act enters into force, and the amendment to paragraph (9) of the same Article shall apply starting with the portion of incomes first accruing after this Act enters into force.

Article 18 (Application Example to Special Cases of Taxation on Ship Investment Companies)

The amendment to Article 91 - 3 shall apply starting with the portion first transferred or receiving dividends after this Act enters into force.

Article 19 (Application Example to Special Cases of Taxation on Indirect Tax Amount Paid Overseas)

The amendment to Article 104 - 6 shall apply starting with the portion of revenue distribution first received after this Act enters into force.

Article 20 (Application Example to Application, etc. of Zero Rating of Value - Added Tax)

(1) The amended provisions relating to value - added taxes in the amendments to Articles 105 (2), 106 - 2 and 106 - 3 shall apply starting with the portion first supplying or receiving the goods or services, or first declaring the import of goods, after this Act enters into force.

(2) The amended provisions relating to the special consumption tax and traffic tax in the amendment to Articles 106 - 2 shall apply starting with the portion first carried out from the manufacturing place or bonded area or first declaring an import after this Act enters into force.

Article 21 (Application Example to Exemption of Securities Transaction Tax)

The amendment to Article 117 shall apply starting with the portion first transferred after this Act enters into force.

Article 22 (Application Example to Exemption of Registration Tax and Acquisition Tax)

The amendments to Articles 119 and 120 shall apply starting with the portion first registered or acquired after this Act enters into force.

Article 23 (Application Example to Income Deduction for Amounts Spent on credit cards, etc.)

The amendment to Article 126 - 2 shall apply starting with the portion first using the credit cards, etc. after December 1, 2002.

Article 24 (Application Example to Exclusion from Tax Reduction or Exemption for Investment in Overconcentration Control Region of Seoul Metropolitan Area)

The amendment to Article 130 shall apply starting with the portion first invested after this Act enters into force.

Article 25 (Application Example to Accumulation, etc. for Business Rationalization Reserve)

(1) The amendment to Article 145 shall apply starting with the portion of receiving the reduction or exemption, etc. in the taxable year to which the promulgation date of this Act belongs.

(2) The amendment to Article 146 shall apply starting with the portion of causes for the additional collection first occurred after this Act enters into force.

Article 26 (Transitional Measures concerning Special Cases of Taxation of Corporate Tax on Moving Corporate Factories and Head Office Outside Large Cities and Seoul Metropolitan Area)With respect to a

[This Article Wholly Amended by Act No. 7003, Dec. 30, 2003]

Article 27 (Transitional Measures concerning Tax Reduction or Exemption for Small or Medium Enterprise Relocated Outside Seoul Metropolitan Area)

Where a small or medium enterprise concludes a contract for purchase of land and factory facilities located outside Seoul Metropolitan area, gets permission for building a new factory, or starts the substantial re - location of its factory facilities in the Seoul Metropolitan area outside such area not later than December 31, 2003 and has commenced its business activities not later than December 31, 2003 by moving all its factory facilities in the Seoul Metropolitan area outside such area under the former Article 63 at the time of enforcement of this Act, the tax reduction or exemption may be applied under the former provisions, notwithstanding the amended provisions of Article 63.

[This Article Wholly Amended by Act No. 7322, Dec. 31, 2004]

Article 28 (Transitional Measures concerning Special Cases of Taxation on Donation)

The amount exceeding the limit of addition to deductible expenses which has not been added to deductible expenses und

Article 29 (Transitional Measures concerning Special Cases of Taxation of Capital Gains Tax on Acquisitors of Newly - built Houses)

(1) In case where a newly - built house for which a down payment has been made after first concluding a sales contract with the housing developer, or a house newly constructed by himself/herself for which the approval for use or inspection for use (including the approval for temporary use) has been given under the former Article 99 (1) or 99 - 3 (1) prior to the enforcement of this Act, is transferred after the enforcement of this Act, the former provisions shall apply to the reduction or exemption of the capital gains tax and the calculation of income amounts subject to imposition of capital gains tax, notwithstanding the amendments to Article 99 (1) or 99 - 3 (1). In this case, the standard for the deluxe house at the time of the date on which the down payment has been made after concluding a sales contract, or the approval for use or inspection for use has been received for the house newly constructed by himself/herself.

(2) In case where the approval for use or inspection for use (including the approval for temporary use) has been received prior to June 30, 2003 for the newly - built house under Article 99 - 3 (1) 2, after under - taking the works on the relevant

newly - built house prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amendment to Article 99 - 3 (1).

(3) In the case of a newly - built house for which a down payment has been made after a sales contract was first entered into with the housing developer, or a house newly constructed by himself/herself for which the approval for use or inspection for use (including the approval for temporary use) has been granted under former Article 99 (1) or 99 - 3 (1) prior to the enforcement of this Act, such house shall be deemed a newly - built house referred to in Article 99 (1) or 99 - 3 (1) and thus governed by Article 99 (2) or 99 - 3 (2). <Newly Inserted by Act No. 9921, Jan. 1, 2010>

Article 30 (Transitional Measures concerning Special Cases of Taxation Value - Added Tax on Gold Metals)

In applying the amendment to Article 106 - 3, with regard to a tax invoice delivered to a general taxable person for value - added tax after receiving the supply of gold metals prior to the enforcement date of this Act, it may be subject to a deduction as the input tax amount by applying Article 17 of the Value - Added Tax Act, notwithstanding the amendment to paragraph (3) of the same Article.

Article 31 (Transitional Measures concerning Deduction, etc. of Income Tax Amount for Small - scale Businessman Filing Bona Fide Return)

In case where the tax base and tax amount of income tax or value - added tax have been corrected or re - corrected after the enforcement of this Act for the businessmen who have filed a bona fide return under the former Articles 123 and 125 at the time of enforcement of this Act, the former provisions shall apply, notwithstanding the amendments to Articles 123 and 125.

Article 32 (Transitional Measures concerning Exclusion from Tax Reduction or Exemption for Investment in Seoul Metropolitan Area)With regard to the fixed business assets acquired by a national carryin

ADDENDA <No. 6852, 30. Dec, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 18 Omitted.

ADDENDA <No. 6867, 10. May, 2003>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Application Example to Opening of Long - Term Stock Savings) The amendment to Article 87 - 4 shall also apply to the savings opened at the time of enforcement of this Act. In this case, the relevant savings shall be deemed to have been opened on the enforcement date of this Act.

(3) (Application Example to Non - Taxation on Long - Term Stock Savings) The amendment to Article 87 - 4 shall apply from the portion of incomes accruing first after the enforcement date of this Act.

ADDENDA <No. 6916, 29. May, 2003>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA <No. 7003, 30. Dec, 2003>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2004: Provided, That the amended provisions of Articles 44 and 73 (3) shall enter into force on the date of its promulgation; the amended provisions of the main sentences of Articles 121 - 2 (2), (4) 1 and 2, and (5) 2 and 3, on January 1, 2005; and the amended provisions of Articles 126 - 2 (1) (limited to the portion related to Cash Receipts) and 126 - 3 (limited to the portion related to tax credit for the cases of Cash Receipt account settlement in paragraph (1)), on the date as set by Presidential Decree.

Article 2 (General Applicability)

(1) The amendments relating to the income tax and corporate tax in this Act shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amendments relating to the capital gains tax and securities transaction tax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amendments relating to the gift tax in this Act shall apply starting with the portion first donated after this Act enters into force.

(4) The amendments relating to the value - added tax in this Act shall apply starting with the portion of goods or service first given or taken, or the portion of goods whose importation is first declared, after this Act enters into force.

(5) The amendments relating to the special consumption tax and traffic tax in this Act shall apply starting with the portion which is first carried out of the manufacturing place or bonded area, or whose importation is first declared, after this Act enters into force.

(6) The amendments relating to the stamp tax in this Act shall apply starting with the taxation documents first prepared after this Act enters into force.

(7) The amendments relating to the customs duties in this Act shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amendments relating to the acquisition tax and registration tax in this Act shall apply starting with the portion which is first acquired or registered after this Act enters into force.

Article 3 (Applicability to Tax Reduction and Exemption for Small or Medium Start - up Enterprises, etc.)

The amendments to Articles 6 (1) and (2), 64 (1), and 68 (1) shall apply with respect to the small or medium started - up enterprises incorporated or confirmed as venture businesses, the enterprises located in agro - industrial complexes, or the corporations of agricultural business incorporated, after this Act enters into force.

Article 4 (Applicability to Special Tax Reduction or Exemption for Small or Medium Enterprises)

The amendments to Article 7 (1) 2 shall apply starting with the taxable year which first ends after this Act enters into force.

Article 5 (Applicability to Temporary Tax Credit for Overseas Dispatch Expenses)

The amendments to Article 10 - 2 shall apply with respect to the expenses for overseas training incurred after this Act enters into force.

Article 6 (Applicability to Special Cases of Taxation on Stock Options)

The amendments to Article 15 (2) 4 shall apply with respect to the stock options exercised after this Act enters into force.

Article 7 (Applicability to Special Cases of Taxation for Foreign Workers)

The amendments to Article 18 - 2 shall apply starting with the taxable year to which the enforcement date of this Act belongs.

Article 8 (Applicability to Tax Credit for Investment in Productivity Improvement Facilities)

The amendments to Article 24 (1) 1 and 2 shall apply with respect to the investments made after this Act enters into force.

Article 9 (Applicability to Temporary Investment Tax Deduction)

(1) The amendments to the proviso of Article 26 (1) shall apply with respect to the investments made on or after July 1, 2003: Provided, That with respect to the portion of investment which has commenced on or after July 1, 2000 and has not been completed as of July 1, 2003, the amendments to the proviso of Article 26 (1) shall also apply to the portion of investment made on or after July 1, 2003.

(2) In applying the amendments to the proviso of Article 26 (1), if the investment is not completed as of June 30, 2004, the portion of investment made by June 30, 2004 shall be deemed to be completed as of June 30, 2004.

(3) In applying the amendments to Article 26 (1), if a tax base return is made in accordance with the Income Tax Act or the Corporate Tax Act by applying the tax credit rate prior to the enforcement of this Act, the request for rectification may be made pursuant to Article 45 - 2 of the Framework Act on National Taxes, or the carried - over deduction, pursuant to Article 144 of this Act.

Article 10 (Applicability to Separate Taxation on Interest Income from Social Infrastructure Bonds, etc.)

The amendments to Article 29 shall apply with respect to the bonds issued after this Act enters into force.

Article 11 (Applicability to Special Cases of Inclusion of Depreciation Cost in Deductible Expenses)

The amendments to Article 30 shall apply with respect to the fixed assets acquired, or in which an investment is commenced, on or after July 1, 2003, on which a tax base return (excluding the return after term provided in Article 45 - 3 of the

Framework Act on National Taxes) is filed on or after the enforcement date of this Act: Provided, That with respect to a corporation for which the time limit of a tax base return under Article 60 of the Corporate Tax Act has already expired before the enforcement of this Act, such amendments shall apply, according to an application for special cases of the inclusion of depreciation cost in deductible expenses under the amendments to Article 30 (2), starting with the taxable year following the taxable year to which the date of acquisition or the date of commencement of investment concerned belongs.

Article 12 (Applicability to Special Cases of Taxation on Gains from Debt Exemption of Corporation Subject to Decision to Approve Reorganization Program, etc.)

The amendments to Article 44 shall apply starting with the portion of debt exemption first made in the taxable year to which the promulgation date of this Act belongs.

Article 13 (Applicability to Special Cases of Taxation on Corporate Stock Exchange, etc. for Strategic Affiliation with Venture Business)

The amendments to Article 46 - 2 shall apply with respect to the stock exchange, etc. effected after this Act enters into force.

Article 14 (Applicability to Special Cases of Taxation on Succession to Carried - Over Deficit at Time of Merger with Venture Business)

The amendments to Article 47 - 3 shall apply with respect to the tax base returns (excluding the return after term provided in Article 45 - 3 of the Framework Act on National Taxes) made after this Act enters into force.

Article 15 (Applicability to Tax Reduction or Exemption for Moving Factories and Corporate Head Offices Outside Overconcentration Control Region of Seoul Metropolitan Area, etc.)

The amendments to Articles 63 and 63 - 2 shall apply with respect to the moving of factories and head offices outside the overconcentration control region of the Seoul Metropolitan area or outside the Seoul Metropolitan area which is effected after this Act enters into force.

Article 16 (Applicability to Special Cases of Taxation on Contribution)

(1) The amendments to Article 73 (1) 2 shall apply with respect to the contributions made after this Act enters into force: Provided, That with respect to the Seoul National University Dental Hospital under the Establishment of Seoul National University Dental Hospital Act, such amendments shall apply starting with

the portion of contributions first made after the said Act enters into force.

(2) The amendments to Article 73 (3) shall apply starting with the taxable year to which the promulgation date of this Act belongs.

Article 17 (Applicability to Special Cases of Inclusion of Reserves for Business Proper to Specific Purpose in Deductible Expenses)

The amendments to Article 74 (1) 1 and 3 shall apply with respect to the incomes accrued after this Act enters into force: Provided, That with respect to the Seoul National University Dental Hospital under the Establishment of Seoul National University Dental Hospital Act, such amendments shall apply starting with the portion of income first accrued after the said Act enters into force.

Article 18 (Applicability to Special Cases of Taxation for Stockholders of Ship Investment Company)

The amendments to Article 87 - 5 shall apply with respect to the incomes accrued and paid on or after January 1, 2004.

Article 19 (Applicability to Special Cases of Taxation on Members of Employee Stock Ownership Association)

(1) The amendments to Article 88 - 4 (1) shall apply with respect to the contributions made after this Act enters into force.

(2) The amendments to Article 88 - 4 (5) shall apply with respect to the stocks withdrawn after this Act enters into force.

(3) The amendments to Article 88 - 4 (12) shall apply with respect to the contributions made after this Act enters into force.

Article 20 (Applicability to Special Cases of Income Tax Exemption and Tax Withholding on Dividend Income concerning Long - held Stocks)

The amendments to Article 91 shall apply with respect to the dividend incomes paid after this Act enters into force.

Article 21 (Applicability to Separate Taxation, etc. on Lottery Prize Income, etc.)

The amendments to Article 92 shall apply with respect to the incomes accrued and paid on or after January 1, 2004.

Article 22 (Applicability to Tax Credit for Facility Investment Designed to Promote Employees' Welfare)

The amendments to Article 94 shall apply with respect to the facility investments made after this Act enters into force.

Article 23 (Applicability to Special Cases of Taxation on Capital Gains Tax Applicable to Purchasers of Rural or Fishing Village Housing)

The amendments to Article 99 - 4 shall apply with respect to the general housing transferred on or after August 1, 2003.

Article 24 (Applicability to Special Cases of Taxation with respect to Foreign Tax Amount Paid Indirectly)

The amendments to Article 104 - 6 (1) shall apply with respect to the paid dividends received after this Act enters into force.

Article 25 (Applicability to Special Cases of Taxation with respect to Urban Improvement Work Association)

The amendments to Article 104 - 7 shall apply starting with the taxable year to which the enforcement date of this Act belongs: Provided, That the amendments to Article 104 - 7 (1) through (3) and (5) shall apply starting with the taxable year to which the promulgation date of this Act belongs.

Article 26 (Applicability to Tax Deduction Applicable to Tax Return by Electronic Method)

The amendments to Article 104 - 8 shall apply with respect to the electronic tax returns filed after this Act enters into force.

Article 27 (Applicability to Reduction of or Exemption from Corporate Tax, etc. for Foreigner's Investment)

The amendments to Articles 121 - 2 and 121 - 3 shall apply with respect to the applications for reduction of or exemption from corporate tax, etc. made after this Act enters into force.

Article 28 (Applicability to Tax Reduction or Exemption Application by Foreign - invested Enterprises Located in Free Economic Zone)

(1) Where a foreign - invested enterprise that is located in a free economic zone as referred to in subparagraph 1 of Article 2 of the Act on Designation and Management of Free Economic Zones prior to the enforcement of this Act intends to be eligible for the reduction of or exemption from taxes under the amendments to the proviso of Article 121 - 2 (2), it shall file an application therefor not later than December 31, 2004, notwithstanding the main sentence of Article 121 - 2 (6).

(2) Where a foreign - invested enterprise which intends to be put under application of the amendments to Article 121 - 3 (2) makes an application for the reduction of or exemption from customs duties, which are already paid prior to the enforcement of

this Act, during the period from the enforcement date of this Act to December 31, 2004, the corresponding amount shall be refunded.

Article 29 (Applicability to Tax Credit on Increased Revenue Amounts, etc.)

The amendments to Article 122 (2) 2 shall apply starting with the taxable year to which the enforcement date of this Act belongs.

Article 30 (Applicability to Income Deduction for Amounts Drawn on credit cards, etc.)

The amendments to Article 126 - 2 (1) and (3) shall apply with respect to the amounts drawn on credit cards, etc. on or after December 1, 2003: Provided, That with respect to the income deduction for the amounts stated in the Cash Receipts, such amendments shall apply with respect to the Cash Receipts issued on or after the enforcement date of the amendments to Article 126 - 2 (1).

Article 31 (Applicability to Value - added Tax Credits for Cash Receipt Service Operators)

(1) The amendments to Article 126 - 3 concerning tax credits on the installation of Cash Receipt issuing machines shall apply with respect to the issuance machines installed on or after January 1, 2004.

(2) The amendments to Article 126 - 3 concerning tax credits for the cases of Cash Receipt account settlement shall apply with respect to the Cash Receipts issued on or after the enforcement date of the amendments.

Article 32 (Applicability to Exclusion from Tax Reduction or Exemption for Investment in Overconcentration Control Region of Seoul Metropolitan Area)

The amendments to Article 130 shall apply with respect to the investments made after this Act enters into force.

Article 33 (Applicability to Minimum Tax)

The amendments to Article 132 (1) 1 and (2) 1 shall apply with respect to the tax base returns (excluding the return after term provided in Article 45 - 3 of the Framework Act on National Taxes) which are filed on or after the enforcement date of this Act.

Article 34 (Applicability to Special Cases of Taxation for Submarine Mineral Resources Development)

The amendments to Article 140 (1) and (4) shall apply with respect to the submarine mineral resources development on which tax liability is established on or after the enforcement date of this Act.

Article 35 (Applicability to Investment Trust, Investment Company, etc.)

The amendments made according to the enforcement of the Act on the Business of Operating Indirect Investment Assets concerning investment trust, investment companies, etc. shall apply with respect to the investment trust, investment companies, etc. established or incorporated on or after the enforcement date of the said Act, and the investment trust, investment companies, etc. established or incorporated before the enforcement date of the said Act shall be governed by the former provisions.

Article 36 (Transitional Measures concerning Tax Reduction or Exemption for Small or Medium Start - up Enterprises)With respect to the persons whose tax amount is reduced or exempted under the former Ar

Article 37 (Transitional Measures concerning Special Cases of Taxation on Income from Transfer of Technology)With respect to income derived from the transfer, lending, or provision of secret technical

Article 38 (Transitional Measures concerning Tax Reduction or Exemption for Small or Medium Enterprises Relocated Outside Overconcentration Control Region of Seoul Metropolitan Area)

(1) With respect to the small or medium enterprises whose tax amount is reduced or exempted under the former Article 63 at the time of entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions.

(2) With respect to the corporations whose tax amount is reduced or exempted under the former Article 63 - 2 at the time of entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions.

(3) Where, at the time of the entry into force of this Act, a corporation starts the substantial relocation of itself outside the Seoul Metropolitan area in such a manner as commencing its business by relocating its factory and head office located in the overconcentration control region of the Seoul Metropolitan area outside such area, transferring, removing, or closing its factory and head office located in the overconcentration control region of the Seoul Metropolitan area, concluding a contract for transfer of its factory and head office located in the overconcentration control region of the Seoul Metropolitan area, or entering into a contract for purchase of its factory and head office or getting permission for the building of a new factory located outside the Seoul Metropolitan area, in order to put itself under the

application of the former Article 63 - 2, the former provisions shall apply, notwithstanding the amended provisions.

Article 39 (Transitional Measures concerning Special Cases of Local Tax for Assistance in Stability of Employees' Housing Situation) With respect to the persons whose acquisition tax, registration tax,

Article 40 (Transitional Measures concerning Reduction of or Exemption from Corporate Tax, etc. for Foreigner's Investment) With respect to the foreigner's investment for which the corporate tax, etc.

Article 41 (Transitional Measures concerning Special Cases of Taxation for Submarine Mineral Resources Development)

Carried - over losses incurred in any business year that starts within 10 years prior to the starting date of each business year under the former Article 140 (4) at the time of entry into force of this Act shall be governed by the former provisions, notwithstanding the amended provisions.

Article 42 (Transitional Measures concerning Carried - Over Deduction of Tax Credit)

The tax amount subject to deduction under the former Article 144 (1) at the time of entry into force of this Act shall

ADDENDA <No. 7030, 31. Dec, 2003 >

Article 1 (Enforcement Date)

This Act shall enter into force on March 1, 2004. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 7066, 20. Jan, 2004 >

(1) (Enforcement Date) This Act shall enter into force on March 1, 2004.

(2) (Application Example) The amendments to Articles 119 (1) and 120 (1) shall apply with respect to the portion of acquisition and registration made on or after the enforcement date of this Act.

ADDENDA <No. 7191, 12. Mar, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 13 Omitted.

ADDENDA <No. 7210, 22. Mar, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 16 Omitted.

ADDENDA <No. 7216, 26. Jul, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (General Application Example)

(1) The amended provisions concerning the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first commences after the enforcement of this Act.

(2) The amended provisions concerning the value - added tax in this Act shall apply, starting with the portion of goods or services that is first supplied and rendered, or the portion of goods or services on which an import declaration is first filed after the enforcement of this Act.

Article 3 (Applicability to Temporary Deduction of Tax Amount for Investment)

(1) The amended provisions of the proviso of Article 26 (1) of the Act shall apply, starting with the portion of investment that is made after July 1, 2004: Provided, That with respect to any investment that is in progress as of July 1, 2004 and such investment starts to be made after July 1, 2000, the amended provisions of the proviso of the same paragraph shall apply to the portion of investment that is made after July 1, 2004.

(2) In the application of the amended provisions of the proviso of Article 26 (1), if any investment is not completed as of December 31, 2004, the portion of such investment that is made by December 31, 2004 shall be deemed to be completely made as of December 31, 2004.

Article 4 (Applicability to Special Case of Period for Deducting Amount of Loss Carried Forward for Job - Creating Start - up Enterprises)

The amended provisions of Article 30 - 3 shall apply, starting with the amount of loss that is incurred in the taxable year belonging to the date of the enforcement of this Act.

Article 5 (Applicability to Deduction of Amount of Special Tax for Boosting Employment)

The amended provisions of Article 30 - 4 shall apply, starting with the portion of the taxable year belonging to the date of the enforcement of this Act.

Article 6 (Applicability to Non - Taxation of Livelihood Savings for Aged and Handicapped, etc.)

The amended provisions of Article 88 - 2 (1) shall apply, starting with the portion of livelihood savings that are first subscribed after the date of the enforcement of this Act.

Article 7 (Applicability to Special Treatment in Taxation for Members of Employee Stock Ownership Association)

The amended provisions of Article 88 - 4 (13) shall apply, starting with the portion that is first transferred after the enforcement of this Act.

Article 8 (Applicability to Exemption of Value - Added Tax for Security Services of Apartment Houses)

The amended provisions of Article 106 (1) 4 - 2 and 4 - 3 shall apply, starting with the portion of the taxable period during which the tax base is returned after July 1, 2004.

Article 9 (Applicability to Exemption, etc. of Registration Tax and Acquisition Tax)

The amended provisions of Articles 119 (3) 1 and 2 and 120 (3) shall apply, starting with the portion that is registered or acquired after July 1, 2004 and the amended provisions of Articles 119 (6) 3, 119 (7) and 120 (4) 3 shall apply, starting with the portion that is registered or acquired after the enforcement of this Act.

Article 10 (Applicability to Reduction and Exemption of Property Tax, etc.)

The amended provisions of Article 121 shall apply, starting with the portion that is acquired after July 1, 2004.

Article 11 (Applicability to Minimum Tax)

The amended provisions of Article 132 (2), with the exception of each subparagraph thereof, shall apply, starting with the portion on which a final return on the tax base

is filed after the enforcement of this Act.

Article 12 (Transitional Measures concerning Limit on Non - Taxation of Livelihood Savings for Aged and Handicapped, etc.)

The amended provisions of Article 88 - 2 (1) shall apply to the portion of livelihood savings that are subscribed pursuant to the former provisions of Article 88 - 2 (1), beginning on the date of the enforcement of this Act.

Article 13 Omitted.

ADDENDA <No. 7220, 05. Oct, 2004 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Reduction or Exemption of Tax Amount for Small or Medium Start - up Enterprises, etc.) The amended provisions of Article 6 shall begin to apply to a start - up business on and after July 1, 2004.

(3) (Applicability to Special Case of Taxation for Contribution) The amended provisions of Article 73 shall begin to apply to the portion disbursed in the taxable year whereto belongs the date of enforcement of this Act.

(4) (Applicability to Inclusion of Cultural Business Reserve in Deductible Expenses) The amended provisions of Article 104 - 9 shall begin to apply to the portion to be included in deductible expenses in the taxable year whereto belongs the date of enforcement of this Act.

ADDENDA <No. 7240, 22. Oct, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <No. 7281, 31. Dec, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2005. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 7284, 31. Dec, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 7311, 31. Dec, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation: Provided That the amended provisions of Article 13 of Addenda shall enter into force on the date of its promulgation.

Articles 2 through 16 Omitted.

ADDENDA <No. 7322, 31. Dec, 2004 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2005: Provided, That the amended provisions falling under each of the following subparagraphs shall enter into force on the date that is set in the relevant subparagraph:

1. The amended provisions of Articles 63 - 2, 72, 92, 105 (1) 3 (d) and 106 (1) 7 shall enter into force on the date of its promulgation;
2. The amended provisions of Article 106 - 3 shall enter into force on April 1, 2005;
3. The amended provisions of Articles 55 - 2, 119 (6) and (7) and 120 (4) 1 (limited to the portion of the real estate investment company) shall enter into force on April 23, 2005;
4. The amended provisions of Articles 121 - 2 (limited to the portion of the enterprise city development zone and the enterprise city development project undertaker), 121 - 17, 121 - 18 and 121 - 19 shall enter into force on the date on which the Special Act on the Development of Enterprise Cities enters into force.

Article 2 (Applicability to Tax Credit for Purchase of Small or Medium Enterprise Management Consulting Coupons)

The amended provisions of Article 5 - 3 shall apply, starting with the portion of the small or medium enterprise management consulting coupons that are first purchased and furnished after the enforcement of this Act.

Article 3 (Applicability to Amount of Tax Reduction or Exemption for Small or Medium Start - up Enterprises, etc.)

The amended provisions of Article 6 shall apply, starting with any small or medium enterprise that is first incorporated after the enforcement of this Act.

Article 4 (Applicability to Tax Credit for Improving Bill System of Enterprises)

The amended provisions of Article 7 - 2 shall apply, starting with the portion of the bill that is first settled, used or utilized after the enforcement of this Act.

Article 5 (Applicability to Inclusion of Investment and Loan Loss Reserve in Deductible Expenses)

The amended provisions of Article 17 shall apply, starting with the portion of causes for inclusion in the gross income that first occurs after the enforcement of this Act.

Article 6 (Applicability to Tax Credit for Investment in Productivity Increase Facilities)

The amended provisions of Article 24 shall apply, starting with the portion of cost that is first incurred after the enforcement of this Act.

Article 7 (Applicability to Tax Credit for Investment in Environment or Safety Facility and Equipment, etc.)

The amended provisions of Article 25 shall apply, starting with the portion of investment that is first made after the enforcement of this Act.

Article 8 (Applicability to Tax Credit for Investment in Energy - Saving Facilities)

The amended provisions of Article 25 - 2 shall apply, starting with the portion of investment that is first made after the enforcement of this Act.

Article 9 (Applicability to Temporary and Special Tax Reduction or Exemption for Relocation of Factories and Head Offices of Corporations to Areas Other Than Seoul Metropolitan Area)

The amended provisions of Article 63 - 2 shall apply, starting with the portion of any head office that is first relocated from the overconcentration control region of Seoul Metropolitan area to any area other than the Seoul Metropolitan area during the taxable year whereto belongs the date on which this Act is promulgated.

Article 10 (Applicability to Special Case of Taxation of Corporate Tax on Partnership Corporation)

The amended provisions of Article 72 shall apply, starting with the taxable year whereto belongs the date on which this Act is promulgated.

Article 11 (Applicability to Special Case of Including Political Funds in Deductable Expenses)

The amended provisions of Article 76 shall apply, starting with the portion of any political fund that is first contributed after the enforcement of this Act.

Article 12 (Applicability to Special Case of Taxation of Capital Gains Tax on Real Estate Used for Public Projects in Designated Areas)

The amended provisions of Article 85 shall apply, starting with the portion for which the deadline for a final tax return of the tax base on the capital gains first arrives after the enforcement of this Act.

Article 13 (Applicability to Persons Eligible for Livelihood Savings)

The amended provisions of Article 88 - 2 (1) shall apply, starting with the livelihood savings that are first subscribed after the enforcement of this Act.

Article 14 (Applicability to Non - Taxation of Dividend Income for Members of Employee Stock Ownership Association)

The amended provisions of Article 88 - 4 (8) through (10) shall apply, starting with the portion of the dividend income that is first paid after the enforcement of this Act.

Article 15 (Applicability to Lowering of Tax Rate for Tax - Favored Comprehensive Savings)

The amended provisions of Article 89 shall apply, starting with the portion of income that first accrues after the enforcement of this Act.

Article 16 (Applicability to Additional Tax Levied Due to Failure to Furnish Tax - Favored Data)

The amended provisions of Article 90 - 2 shall apply, starting with the portion of savings that are first subscribed after the enforcement of this Act.

Article 17 (Applicability to Separate Taxation on Income Accruing from Lottery Prize, etc.)

The amended provisions of Article 92 shall apply, starting with the portion of lottery prize won in the taxable year whereto belongs the date on which this Act is promulgated.

Article 18 (Applicability to Tax Credit for Cost of Cargo Transportation Commissioned by Making Use of Joint Computer Network)

The amended provisions of Article 104 shall apply, starting with the portion of cost that is first incurred after the enforcement of this Act.

Article 19 (Applicability to Tax Credit on Information Return)

The amended provisions of Article 104 - 5 shall apply, starting with the portion that is first furnished after the enforcement of this Act.

Article 20 (Applicability to Tax Credit for Electronic Return on Value - Added Tax)

The amended provisions of Article 104 - 8 (2) shall apply, starting with the portion of any electronic return that is first made after the enforcement of this Act.

Article 21 (Applicability to Tax Withheld at Source for Special Case of Taxation on Personnel Company)

The amended provisions of Article 104 - 11 (2) shall apply, starting with the portion of any dividend that is paid by the personnel company applicable to the special case of taxation after the enforcement of this Act.

Article 22 (Applicability to Application of Zero Rate to Urban Railroad Construction Services Rendered Directly to Korea Rail Network Authority)

The amended provisions of Article 105 (1) 3 (d) shall apply, starting with the portion of construction services that are rendered directly to the Korea Rail Network Authority after a contract is concluded prior to the enforcement of this Act.

Article 23 (Applicability to Application of Zero Rate to Urban Railroad Construction Services Rendered Directly to Under - takers of Urban Railroad Private Investment Projects)

The amended provisions of Article 105 (1) 3 (e) shall apply, starting with the portion of the value - added tax that is determined, corrected or re - corrected for any project undertaker who enters into an implementation agreement with the competent administrative agency in accordance with the Act on Private Participation in Infrastructure prior to the enforcement of this Act.

Article 24 (Applicability to Exemption from Value - Added Tax for Reversion of Railroad Facilities to State)

The amended provisions of Article 106 (1) 7 shall apply, starting with the portion of railroad facilities that revert to the State during the taxable year whereto belongs the date on which this Act is promulgated.

Article 25 (Applicability to Relief for Payable Tax Amount of Value - Added Tax by General Taxicab Business Operators)

The amended provisions of Article 106 - 4 shall apply, starting with the portion of the taxation period during which the return of the tax base is filed after the enforcement of this Act.

Article 26 (Applicability to Exemption from Registration Tax and Acquisition Tax for Real Estate Investment Companies)

The amended provisions of Articles 119 (6) and (7) and 120 (4) 1 (limited to the portion related to the real estate investment company) shall apply, starting with the portion that is registered or acquired after April 23, 2005.

Article 27 (Applicability to Reduction and Exemption of Corporate Tax, etc. for Foreigner's Investments)

(1) The amended provisions of Articles 121 - 2 (excluding the portion concerning any enterprise city development zone and any enterprise city development project undertaker) and 121 - 3 shall apply, starting with the portion of foreigner's investment that is first reported after the enforcement of this Act: Provided, That with respect to any foreign - invested enterprise that is already located in any foreign investment zone provided for in Article 18 (1) 1 of the Foreign Investment Promotion Act, the amended provisions shall apply, starting with the portion of any foreign investment that is reported in order to increase its capital after the enforcement of this Act.

(2) The amended provisions of Article 121 - 2 (limited to the portion concerning any enterprise city development zone and any enterprise city development project undertaker) shall apply, starting with the portion of any foreigner's investment that is reported after the enforcement of the Special Act on the Development of Enterprise Cities that is enacted in accordance with Act No. 7310.

Article 28 (Applicability to Additional Collection of Tax)

The amended provisions of Article 121 - 5 shall apply, starting with the portion of any foreigner's investment that is first reported after the enforcement of this Act.

Article 29 (Applicability to Income Deduction on Used Amount of credit cards, etc.)

The amended provisions of Article 126 - 2 shall apply, starting with the portion of any amount that is spent by making use of any credit card, etc. after December 1, 2004: Provided, That with respect to the portion of any amount that is spent by

making use of Cash Receipt, the amended provisions shall apply, starting with the portion of any amount that is spent after January 1, 2005.

Article 30 (Applicability to Exclusion of Reduction and Exemption When Estimated Tax is Levied)

The amended provisions of Article 128 (3) shall apply, starting with the portion of an amended tax return that is made after the enforcement of this Act.

Article 31 (Applicability to Exclusion of Tax Reduction or Exemption from Investment in Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 130 shall apply, starting with the portion that is first invested after the enforcement of this Act.

Article 32 (Applicability to Additional Collection of Reduced and Exempted Tax Amount)

The amended provisions of Article 146 shall apply, starting with the portion of a disposition taken to additionally collect the reduced and exempted tax amount after the enforcement of this Act.

Article 33 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amended provisions governing the value - added tax in this Act shall apply, starting with the portion of goods or services that anyone first supplies or are first supplied or goods on which an import declaration is first filed after the enforcement of this Act.

(3) The amended provisions governing the stamp tax in this Act shall apply, starting with the portion of a taxation document that is first prepared after the enforcement of this Act.

(4) The amended provisions governing the capital gains tax and the securities transaction tax in this Act shall apply, starting with the portion that is first transferred after the enforcement of this Act.

(5) The amended provisions governing the inheritance tax and the gift tax shall apply, starting with the portion that is first inherited or gifted after the enforcement of this Act.

(6) The amended provisions governing the registration tax, the acquisition tax, the property tax and the aggregate land tax in this Act shall apply, starting with the

portion that is first registered or acquired after the enforcement of this Act.

(7) The amended provisions governing the special consumption tax and the traffic tax in this Act shall apply, starting with the portion of taxable goods that are first shipped out of factory, an import declaration is filed on them or the act of accessing such taxable goods is performed after the enforcement of this Act.

Article 34 (Transitional Measures concerning Temporary and Special Tax Reduction or Exemption for Relocating Head Offices of Corporations to Areas Other Than Seoul Metropolitan Area)

(1) The former provisions of Article 63 - 2 shall apply to any corporation that relocates its head office from the overconcentration control region of Seoul Metropolitan area to any other area in order to make it subject to the application of the former provisions of Article 63 - 2 prior to the taxable year whereto belongs the date on which this Act is promulgated, notwithstanding the amended provisions of Article 63 - 2.

(2) In case where any corporation transfers, removes or shuts down its head office located in the overconcentration control region of Seoul Metropolitan area or shifts the purpose of its head office to other purpose or concludes a contract for transferring its head office located in the overconcentration control region of Seoul Metropolitan area or for purchasing its head office in an area other than the Seoul Metropolitan area prior to the taxable year whereto belongs the date on which this Act is promulgated in order to make it subject to the application of the former provisions of Article 63 - 2 and such corporation fails to relocate its head office prior to the taxable year whereto belongs the date on which this Act is promulgated, the former provisions may apply to such corporation, notwithstanding the amended provisions of Article 63 - 2.

(3) Where any corporation relocates, transfers, removes or shuts down its head office located in the overconcentration control region of Seoul Metropolitan area or shifts the purpose of its head office to other purpose or concludes a contract for transferring its head office located in the overconcentration control region of Seoul Metropolitan area or for purchasing its head office in an area other than the Seoul Metropolitan area or actually starts relocating its head office to a rural area in the taxable year whereto belongs the date on which this Act is promulgated in order to make it subject to the application of the former provisions of Article 63 - 2, the

former provisions may apply to such corporation, notwithstanding the amended provisions of Article 63 - 2.

(4) Where any corporation is subject to the application of the tax reduction or exemption provided for in the former provisions or the amended provisions in accordance with paragraph (2) or (3), either of the chosen provisions shall continue applying to the relevant corporation during the tax reduction or exemption period.

ADDENDA <No. 7332, 05. Jan, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 7428, 31. Mar, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <No. 7577, 13. Jul, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Tax Amount Reduction on Small or Medium Enterprise Operating Construction Wastes Treatment Business)

The amended provisions of Article 7 (1) 1 (zc) shall apply, starting with the incomes accruing in the taxable year whereto the enforcement date of this Act belongs.

Article 3 (Applicability to Inclusion of Business Loss Reserves in Deductible Expenses for KOSDAQ - listed Small or Medium Enterprise)

The amended provisions of Article 8 - 2 shall apply, starting with the small or medium enterprise listed in the taxable year whereto the enforcement date of this Act belongs.

Article 4 (Applicability to Nontaxation etc. on Stock Transfer Margins)

(1) The amended provisions of Articles 13 (1) and (2) and 14 (1) and (2) shall apply, starting with the stocks or equities transferred first after the enforcement of this Act.

(2) The amended provisions of Article 14 (4) and (5) shall apply, starting with the dividends income or interests income paid first after the enforcement of this Act.

Article 5 (Applicability to Income Deduction on Investments to Korea Venture Business Investment Association)

The amended provisions of Articles 16 (1) 1 shall apply, starting with the portion of the contribution or investment made first after the enforcement of this Act.

Article 6 (Applicability to Special Cases of Taxation on Dividends of Investment Company)

(1) The amended provisions of Article 91 - 2 (1) 4 shall apply, starting with the investment company established first after the enforcement of this Act.

(2) With regards to the investment company established before the enforcement of this Act, the amended provisions of Articles 91 - 2 (1) 4 shall apply, starting with the dividend incomes accrued after the settlement day coming first after the enforcement of this Act.

Article 7 (Applicability to Special Cases of Taxation on Dividend Income of Stocks of Social Fundamental Facilities Investment and Lending Company)

The amended provisions of Article 91 - 4 shall apply, starting with the dividend incomes accrued first after the enforcement of this Act.

Article 8 (Applicability to Application of Zero Tax Rate of Value - Added Tax Rate on Private Investment Business)

The amended provisions of Article 105 (1) 3 - 2 shall apply, starting with the social fundamental facilities provided to the State or local governments by the mode under subparagraph 2 of Article 4 of the Act on Public - Private Partnerships in Infrastructure or the construction services of the same facilities first after the enforcement of this Act.

Article 9 (Applicability to Special Cases of Taxation of Value - Added Tax on Gold Bullion)

The amended provisions of Article 106 - 3 (1) and (2) shall apply, starting with the portions of provisions or receiving such provisions during the taxation period whereto belongs the enforcement date of this Act, or of the import declaration.

Article 10 (Applicability to Special Cases of Purchase Value - Added Tax Deduction on Recycled Waste Resources, etc.)

The amended provisions of Article 108 (1) shall apply, starting with the portions acquired in the taxation period whereto belongs the enforcement date of this Act.

Article 11 (Transitional Measures concerning Inclusion of Business Loss Reserves in Deductible Expenses for Stock - Listed Corporation, etc.)

The former provisions shall govern the inclusion in the pecuniary loss or profits in calculating the revenue amount of the small or medium enterprise subjected to the provisions of former Article 8 - 2 before the enforcement of this Act.

Article 12 (Transitional Measures concerning Special Cases of Taxation on Dividends of Investment Company)

The former provisions shall govern the investment company established prior to the enforcement of this Act and provided its existence period on the articles of association (excluding the case of extending its existence period) under Article 37 (2) of the Indirect Investment Asset Management Business Act, and which do not issue the additional stocks, notwithstanding the amended provisions of Article 91 - 2 (1) 4.

ADDENDA <No. 7601, 13. Jul, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2006. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <No. 7678, 04. Aug, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 12 Omitted.

ADDENDA <No. 7775, 29. Dec, 2005 >

Article 1 (Enforcement Date)

This Act shall enter into force 4 months after the date of its promulgation: Provided, That ...

Articles 2 through 5 Omitted.

ADDENDA <No. 7839, 31. Dec, 2005>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2006: Provided, That the amended provisions of Articles 15 (3), 118 (1) 1 and 3 and 127 (8) shall enter into force, beginning on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first commences after the enforcement of this Act.

(2) The amended provisions concerning the value - added tax in this Act shall apply, starting with the portion of goods and service that are first supplied or purchased or the portion of goods on which an import declaration is filed after the enforcement of this Act.

(3) The amended provisions concerning the capital gains tax and the securities transaction tax in this Act shall apply, starting with the portion that is first transferred after the enforcement of this Act.

(4) The amended provisions concerning the inheritance tax and the gift tax shall apply, starting with the portion that is first inherited or donated after the enforcement of this Act.

Article 3 (Applicability to Reduction or Exemption of Special Tax Amount of Small or Medium Enterprises)

The amended provisions of Article 7 shall apply, starting with the portion of the taxable year that comes to an end after the enforcement of this Act.

Article 4 (Applicability to Tax Reduction or Exemption for Improving Bill System of Enterprises)

The amended provisions of Article 7 - 2 (1) shall apply, starting with the portion that is first settled, used or utilized after the enforcement of this Act.

Article 5 (Applicability to Non - Taxation of Marginal Profits, etc. from Transfer of Stocks by Small or Medium Start - up Business Investment Companies, etc.)

The amended provisions of Article 13 (1) through (3) shall apply, starting with the portion of stocks or equities that are first transferred or the dividend income that is first paid after the enforcement of this Act.

Article 6 (Applicability to Special Case of Taxation on Stock Options)

The amended provisions of Article 15 (3) shall apply, starting with the portion of the taxable year to which the date on which this Act enters into force belongs.

Article 7 (Applicability to Inclusion of Marginal Profits from Transfer of International Ships)

(1) The amended provisions of Article 23 (1) shall apply, starting with the portion that is first transferred after the enforcement of this Act.

(2) The amended provisions of the latter part of Article 23 (3) shall apply, starting with the portion that is first included in the gross income after the enforcement of this Act.

Article 8 (Applicability to Tax Credit for Energy - Saving Facility Investment)

The amended provisions of Article 25 - 2 shall apply, starting with the portion of an investment which is first made after the enforcement of this Act.

Article 9 (Applicability to Special Case of Taxation on Business Conversion of Small or Medium Enterprises)

The amended provisions of Article 33 shall apply, starting with the portion of the fixed assets for the business used before the conversion which is first transferred after the enforcement of this Act.

Article 10 (Applicability to Special Case of Taxation on Financial Obligations, etc. That are Met by Small or Medium Enterprises)

(1) The amended provisions of Article 34 (1) and (4) shall apply, starting with the portion that a small or medium enterprise is first exempted from obligations or which a financial institution first exempts obligations after the enforcement of this Act.

(2) The amended provisions of Article 34 (2) shall apply, starting with the portion of the real estate for business that is first transferred after the enforcement of this Act.

Article 11 (Applicability to Special Case of Taxation on Incorporation, etc. of Holding Companies by Means of In - Kind Investment, Exchange or Transfer of Stocks)

The amended provisions of Article 38 - 2 shall apply, starting with the portion of the holding company that is first incorporated by means of all - inclusive transfer of stocks after the enforcement of this Act.

Article 12 (Applicability to Special Case of Taxation of Corporate Tax, etc. on Donations of Assets by Stockholders of Small or Medium Enterprises)

(1) The amended provisions of Article 41 (1) shall apply, starting with the portion of assets that is gratuitously granted for the first time after the enforcement of this Act.

(2) The amended provisions of Article 41 (2) shall apply, stating with the portion of the real estate that is transferred for the first time after the enforcement of this Act.

Article 13 (Applicability to Special Case of Taxation on Transfer of Overlapping Assets Following Merger)

The amended provisions of Article 47 - 4 shall apply, starting with the portion that is first merged (including merger after division) after the enforcement of this Act.

Article 14 (Applicability to Special Case of Taxation of Corporate Tax on Relocation of Factories to Area other than Big City)

The amended provisions of Article 60 (2) shall apply, starting with the portion of the factory that is first relocated after the enforcement of this Act.

Article 15 (Applicability to Special Case of Taxation of Corporate Tax on Relocation of Corporation's Head Office to Area other than Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 61 (3) shall apply, starting with the portion of the corporation's head office that is first relocated after the enforcement of this Act.

Article 16 (Applicability to Tax Credit for Small or Medium Enterprise that are Relocated to Area other than Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall apply, starting with the portion that is first relocated after the enforcement of this Act.

Article 17 (Applicability to Temporary and Special Tax Credit for Relocation of Factories and Head Offices of Corporations to Area other than Seoul Metropolitan Area)

The amended provisions of Article 63 - 2 shall apply, starting with the portion of the factory or the head office of any corporation, which is first relocated after the enforcement of this Act.

Article 18 (Application Example and Special Applicability to Special Case of Taxation on Donations)

(1) The amended provisions of Article 73 shall apply, starting with the portion that is disbursed in the taxable year that first commences after the enforcement of this Act.

(2) In the application of the amended provisions of the forepart of Article 73 (1) with the exception of each subparagraph, with respect to the portion that is disbursed on or before December 31, 2006, notwithstanding the amended provisions of the partial forepart of Article 73 (1) with the exception of each subparagraph, "50/100" provided for in the partial forepart of the same paragraph with the exception of each subparagraph shall be deemed "75/100".

Article 19 (Applicability to Special Case of Inclusion of Deductible Expenses for Agricultural Cooperatives, etc.)

The amended provisions of Article 84 shall apply, starting with the portion of in-kind investment that is first made after the enforcement of this Act.

Article 20 (Applicability to Income Deduction, etc. for Pension Savings)

The amended provisions of Article 86 - 2 shall apply, starting with the portion that is first deposited after the enforcement of this Act.

Article 21 (Applicability to Special Case of Taxation for Members of Employee Stock Ownership Association)

The amended provisions of Article 88 - 4 (5) shall apply, starting with the portion that is first withdrawn after the enforcement of this Act.

Article 22 (Applicability to Special Case of Taxation on Tax - Favored Comprehensive Savings)

The amended provisions of Article 89 shall apply, starting with the portion that is first subscribed after the enforcement of this Act.

Article 23 (Applicability to Additional Tax Levied on Failure to Submit Tax - Favored Data)

The amended provisions of Article 90 - 2 (1) shall apply, starting with the portion that is first submitted after the enforcement of this Act.

Article 24 (Applicability to Special Case of Taxation on Real Estate Indirect Investment Fund, etc.)

The amended provisions of Article 91 - 5 shall apply, starting with the portion of the income that first accrues after the enforcement of this Act.

Article 25 (Applicability to Tax Credit on Information Return, etc.)

The amended provisions of Article 104 - 5 shall apply, starting with the portion of the information return, etc. that are first filed after the enforcement of this Act.

Article 26 (Applicability to Tax Credit on Electronic Return)

The amended provisions of Article 104 - 8 shall apply, starting with the portion of the electronic return that is first filed after the enforcement of this Act.

Article 27 (Applicability to Special Case of Calculation of Tax Base of Corporate Tax on Shipping Enterprises)

The amended provisions of Article 104 - 10 (6) shall apply, starting with the portion that first fails to meet the requirements provided for in the provisions of paragraph (1) of the same Article for not less than 2 business years after the enforcement of this Act.

Article 28 (Applicability to Exemption from Value - Added Tax on Business of Operating School Facilities, etc.)

The amended provisions of Article 106 (1) 8 shall also apply to the portion of the implementation agreement (excluding any school facilities that are already in operation after the completion of their construction) which is concluded prior to the enforcement of this Act.

Article 29 (Applicability to Special Case of Deduction of Input Tax Amount of Value - Added Tax on Operational Assets of High - Speed Railway)

(1) The amended provisions of Article 108 - 2 shall apply, starting with the portion that is first returned and paid after the enforcement of this Act.

(2) In case where it is intended to have the input tax amount deducted pursuant to the amended provisions of Article 108 - 2, the details of the operational assets and the input tax amount by year shall be returned to the head of tax office having jurisdiction over the business place or the main business place on or before January 25, 2006.

Article 30 (Applicability to Invalidation of Effect of Decision on Tax Reduction or Exemption)

The amended provisions of Article 121 - 2 (13) shall apply, starting with the portion that is first subject to the decision on the tax reduction or exemption after the enforcement of this Act.

Article 31 (Applicability to Procedures for Reducing or Exempting from Tax on Capital Increase)

The amended provisions of Article 121 - 4 (4) shall apply, starting with the portion of capital that is first increased after the enforcement of this Act.

Article 32 (Applicability to Additional Collection of Reduced or Exempted from Tax on Foreigner's Investment)

The amended provisions of Article 121 - 5 shall apply, starting with the portion for which grounds for making the additional collection first occur after the enforcement of this Act.

Article 33 (Applicability to Coordination of Sale and Purchase Limit of Tax - Free Goods at Designated Tax - Free Shops)

The amended provisions of Article 121 - 13 (4) and (5) shall apply, starting with the portion of tax - free goods that are first sold and purchased after the enforcement of this Act.

Article 34 (Applicability to Income Deduction on Amount Drawn on credit cards, etc.)

The amended provisions of Article 126 - 2 (1) shall apply, starting with the portion of the calculation of the total amount that is spent in use of credit cards, etc. in the year whereto belongs the date on which this Act enters into force.

Article 35 (Applicability to Exclusion of Overlapping Support)

The amended provisions of Article 127 (8) shall apply, starting with the portion of the taxable year whereto belongs the date on which this Act enters into force.

Article 36 (Applicability to Composite Limited Amount on Reduction or Exemption of Capital Gains Tax)

(1) The composite limited amount of the reduction or exemption of the capital gains on the substitute land for the farmland from among the amended provisions of Article 133 shall apply, starting with the portion that is converted into the substitute land by means of transfer after the enforcement of this Act.

(2) In the application of the amended provisions of the latter part of Article 133 (2), the tax amount that is reduced or exempted pursuant to the provisions of Article 69 prior to the enforcement of this Act shall not be added up.

Article 37 (Applicability to Additional Collection of Reduced or Exempted Tax Amount)

The amended provisions of Article 146 shall apply, starting with the portion of the relevant assets that are first disposed of after the enforcement of this Act.

Article 38 (Transitional Measure concerning Ex Post Management of Special Tax Amount that is deducted for Increasing Employment)

In case where any national who has had his/her income tax and corporate tax deducted pursuant to the former provisions of Article 30 - 4 (2) suspends the employment maintaining system or reverts to the previous system, the former provisions of Article 30 - 4 (3) shall apply to the payment of his/her income tax or corporate tax, notwithstanding the amended provisions of Article 30 - 4.

Article 39 (Transitional Measure concerning Special Case of Taxation on Debt - for - Equity Conversion)

The appropriation of the gains from debt exemption by converting them into investment that are not included in the gross income for the amount of deficit pursuant to the former provisions of the forepart of Article 44 (2) and the inclusion of such gains in the gross income at the time of the enforcement of this Act shall be governed by the former provisions of the latter part of Article 44 (2) and (4).

Article 40 (Transitional Measure concerning Temporary and Special Reduction or Exemption of Tax Amount on Relocation of Corporation's Head Office to Area other than Seoul Metropolitan Area)

(1) In case where the head office located in the overconcentration control region of the Seoul Metropolitan area is transferred, removed, closed or converted into other use than the use of the head office or a contract on the transfer of the head office located in the overconcentration control region of the Seoul Metropolitan area is concluded or a contract on the purchase of an area other than the Seoul Metropolitan area, in which the head office is to be located in order to make the head office subject to the application of the former provisions of Article 63 - 2 prior to the enforcement of this Act and the head office is not relocated prior to the taxable year whereto belongs the date on which this Act enters into force, the former provisions may be applied thereto, notwithstanding the amended provisions of Article 63 - 2.

(2) In case where the reduction or exemption provided for in the former provisions or the amended provisions are applied pursuant to the provisions of paragraph (1), one of them shall be chosen and the chosen provision shall be applied thereto without interruption during the reduction or exemption period.

Article 41 (Transitional Measure concerning Reduction and Exemption of Capital Gains Tax on Self - Tilling Farmland)

The transfer of any farmland that has been tilled by any agricultural corporation for not less than 5 years after having acquired it pursuant to the former provisions of Article 69 (1) prior to the enforcement of this Act shall be governed by the former provisions of Article 69 - 2, notwithstanding the amended provisions of Article 69 (1).

Article 42 (Transitional Measure concerning Shortening of Period during which Deducted Amount of Donations are Carried - Over)

The inclusion of donations that are included in deductible expenses pursuant to the former provisions of Article 73 (1) prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 73 (4).

Article 43 (Transitional Measure concerning Special Taxation on Stockholders of Ship Investment Companies)

The transfer of stocks that are first acquired after making investments in any ship investment company pursuant to the former provisions of Article 87 - 5 (1) prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 87 - 5 (1).

Article 44 (Transitional Measure concerning Special Taxation on Tax - Favored Comprehensive Savings) The tax - favored comprehensive savings to which subscriptions are made pursuant to the former provision

Article 45 (Transitional Measure concerning Inclusion of Reserve for Treasury Stock Disposal Loss in Deductible Expenses for Stock - Listed Corporations or Association - Registered Corporations)

The inclusion of the reserve in the gross income, which is included in the deductible expenses pursuant to the former provisions of Article 104 - 3 at the time of the enforcement of this Act, shall be governed by the former provisions.

Article 46 (Transitional Measure concerning Exemption from Value - Added Tax on Business of Operating School Facilities, etc.)

In case where any business operator who converts his/her business into the business eligible for the exemption from the value - added tax and adds the tax - free business pursuant to the amended provisions of Article 106 (1) 8 uses goods that he/she has acquired prior to the enforcement of this Act directly for the relevant business that is exempted from the value - added tax, the provisions of Articles 6 (2) and 17 (5) of

the Value - Added Tax Act shall not apply thereto.

Article 47 (Transitional Measure concerning Application for Tax Reduction or Exemption on Capital Increase) The time limit for filing the application for the tax reduction or exemption on the capital t

ADDENDA <No. 7845, 02. Jan, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 16 Omitted.

ADDENDA <No. 7849, 21. Feb, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2006. (Proviso Omitted.)
Articles 2 through 41 Omitted.

ADDENDA <No. 7949, 28. Apr, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.
Articles 2 through 7 Omitted.

ADDENDA <No. 8050, 04. Oct, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)
Articles 2 through 12 Omitted.

ADDENDA <No. 8086, 26. Dec, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 8138, 30. Dec, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <No. 8146, 30. Dec, 2006 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007: Provided, That the amended provisions of Articles 126 - 4, 126 - 5 and 128 (4) 2 and 3 shall take effect on July 1, 2007, and the amended provisions of Articles 100 - 2 through 100 - 13 and 128 (4) 1, on January 1, 2008.

Article 2 (General Applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions of this Act concerning the value - added tax shall apply starting with the portion of goods or services first supplied or purchased, or goods declared for import after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions of this Act concerning the special consumption tax, traffic, environment and energy tax, education tax and driving tax shall apply starting with the portion which is first carried out of the manufacturing place or bonded area, or whose importation is first declared, after this Act enters into force.

(6) The amended provisions of this Act concerning the stamp tax shall apply starting with taxable documents first prepared after this Act enters into force.

(7) The amended provisions of this Act concerning the customs duties shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amended provisions of this Act concerning the acquisition tax or registration tax shall apply starting with the portion which is first acquired or registered after this Act enters into force.

Article 3 (Applicability to Special Case of Inclusion in Deductible Expenses for Small or Medium Enterprise Support Facilities)

The amended provisions of Article 8 shall apply starting with the portion for which a donation is first given or taken after this Act enters into force.

Article 4 (Applicability to Tax Credit for Entrusted Research and Manpower Development Expenses)

The amended provisions of Article 10 (1) shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 5 (Applicability to Special Taxation for Contribution, etc. for Research and Development)

The amended provisions of Article 10 - 2 shall apply starting with the portion for which a contribution, etc. is first paid after this Act enters into force.

Article 6 (Applicability to Reduction or Exemption of Corporate Tax, etc. for High - Tech Enterprises, etc. Located in Special Research and Development Zones)

The amended provisions of Article 12 - 2 shall apply starting with the portion of the income which first accrues after this Act enters into force.

Article 7 (Applicability to Income Deduction for Contribution, etc. to Small or Medium Start - up Business Investment Association)

The amended provisions of Article 16 (1) shall apply starting with the portion of the contribution or investment which is first made after this Act enters into force.

Article 8 (Applicability to Special Taxation for Foreign Workers)

The amended provisions of Article 18 - 2 shall apply starting with the portion of the income which is first paid after this Act enters into force.

Article 9 (Applicability to Corporate Tax Exemption on Dividend Income from Investment in Overseas Resource Development)

The amended provisions of Article 22 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 10 (Applicability to Reduction or Exemption of Tax Amount for Small or Medium Enterprise Whose Business is Converted)

The amended provisions of Article 33 - 2 shall apply starting with the portion of the business which is first converted after this Act enters into force.

Article 11 (Applicability to Special Taxation on Stock Exchange, etc. for Strategic Alliance with Venture Business)

The amended provisions of Article 46 - 2 (1) shall apply starting with the portion of the transfer margin which first accrues from the exchange with the treasury stocks or the in - kind investment in a venture business after this Act enters into force.

Article 12 (Applicability to Special Taxation of Corporate Tax on Margins Accruing from Transfer of Self - Logistics Facilities)

The amended provisions of Article 46 - 4 shall apply starting with the portion which is first transferred after this Act enters into force.

Article 13 (Applicability to Special Taxation on Division of Distribution Business)

The amended provisions of Article 46 - 5 shall apply starting with the portion which is first divided after this Act enters into force.

Article 14 (Applicability to Special Taxation on Succession to Deficits Carried Forward Following Merger of Logistics Corporations)

The amended provisions of Article 46 - 6 shall apply starting with the portion which is first merged after this Act enters into force.

Article 15 (Applicability to Special Taxation on Self - Managed Real Estate Investment Company, etc.)

The amended provisions of Article 55 - 2 (4) shall apply starting with the portion of purchasing a national housing unit which is first newly built, or which has never been occupied at the time of acquisition, after this Act enters into force.

Article 16 (Applicability to Corporate Tax Exemption, etc. for Agricultural Partnership Corporation, etc.)

The amended provisions of Article 66 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 17 (Applicability to Exemption, etc. of Corporate Tax for Fishery Partnership Corporation, etc.)

The amended provisions of Article 67 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 18 (Applicability to Non - taxation, etc. on Dividend from Incorporated Agricultural Corporation)

(1) The amended provisions of Article 68 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

(2) The amended provisions of Article 68 (4) and (5) shall apply starting with the portion of the dividend which is first paid after this Act enters into force.

Article 19 (Applicability to Special Taxation of Corporate Tax on Partnership Corporation, etc.)

(1) The amended provisions of Article 72 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

(2) The amended provisions of Article 72 (4) shall apply starting with the portion of the interest on funds provided for the improvement of financial structure, which is first paid after this Act enters into force.

Article 20 (Applicability to Special Taxation on Donations)

The amended provisions of Article 73 shall apply starting with the portion which is first disbursed after this Act enters into force.

Article 21 (Applicability to Special Case of Inclusion of Reserves for Business Proper to Specific Purpose in Deductible Expenses)

The amended provisions of Article 74 (1) shall apply starting with the portion of the income which accrues in the business year whereto belongs the date this Act enters into force.

Article 22 (Applicability to Special Case, etc. of Inclusion of Political Funds in Deductible Expenses)

The amended provisions of Article 76 shall apply starting with the portion which is first donated after this Act enters into force.

Article 23 (Applicability to Special Taxation for Relocation of Factories Located in Multifunctional Administrative City to Local Areas)

The amended provisions of Article 85 - 2 shall apply starting with the portion which is first relocated after this Act enters into force.

Article 24 (Applicability to Special Taxation of Corporate Tax on Investment of Land in Kind within Enterprise City Development Project Zone)

The amended provisions of Article 85 - 3 shall apply starting with the portion which is first invested in kind after this Act enters into force.

Article 25 (Applicability to Special Taxation of Corporate Tax on Investment of Land in Kind for Free Economic Zone Development Projects)

The amended provisions of Article 85 - 4 shall apply starting with the portion which is first invested in kind after this Act enters into force.

Article 26 (Applicability to Special Taxation on Margins Accruing from Transfer of Land, etc. for Nursery Facilities)

The amended provisions of Article 85 - 5 shall apply starting with the portion which is first transferred after this Act enters into force.

Article 27 (Applicability to Non - taxation, etc. on Long - term Savings for Purchase of Housing Unit)

The amended provisions of Article 87 (1) shall apply starting with the portion which is first opened after this Act enters into force.

Article 28 (Applicability to Non - taxation, etc. on Livelihood Savings of Aged or Disabled Persons, etc.)

The amended provisions of Article 88 - 2 (1) 1 shall apply starting with the portion which is first subscribed to after this Act enters into force.

Article 29 (Applicability to Special Taxation for Members, etc. of Employee Stock Ownership Association)

(1) The amended provisions of Article 88 - 4 (4) and (6) shall apply starting with the portion which is first allotted after this Act enters into force.

(2) The amended provisions of Article 88 - 4 (9) and (10) shall apply starting with the portion of the dividend income the base date of whose dividend first comes after this Act enters into force.

Article 30 (Applicability to Special Taxation on Tax - favored Comprehensive Savings)

The amended provisions of Article 89 (1) shall apply starting with the portion which is first opened, or whose contract period is first extended, after this Act enters into force.

Article 31 (Applicability to Lower Rate of Tax, etc. on Deposits in Cooperatives, etc.)

The amended provisions of Article 89 - 3 shall apply starting with the portion which is first opened, or whose contract period is first extended, after this Act enters into force.

Article 32 (Applicability to Non - Taxation of Income Tax and Special Case of Withholding Tax on Dividend Income on Long - held Stocks)

The amended provisions of Article 91 (1), (3) and (5) shall apply starting with the portion of the dividend income which is paid after this Act enters into force.

Article 33 (Applicability to Special Taxation on Dividend Income of Stocks of Overseas Resources Development Investment Company, etc.)

The amended provisions of Article 91 - 6 shall apply starting with the portion of the dividend income which is paid after this Act enters into force.

Article 34 (Applicability to Special Taxation for High - income High - risk Investment Trusts, etc.)

The amended provisions of Article 91 - 7 shall apply starting with the portion of the high - income high - risk investment trust, etc. which is first created or established after this Act enters into force.

Article 35 (Applicability to Separate Taxation, etc. on Lottery Prize Income, etc.)

The amended provisions of Article 92 shall apply starting with the portion of the income which first accrues after this Act enters into force.

Article 36 (Applicability to Strict Management of Tax - Free Petroleums)

(1) The amended provisions of Article 106 - 2 (6) shall apply starting with the portion of additional collection due to the transfer of the purchase coupon of tax - free petroleums, etc. which is first issued or the petroleum products supplied by the purchase coupon of tax - free petroleums, etc., or the use of the petroleum products, for other purposes than farming, forestry or fishing industry, which are first supplied by the purchase coupon of tax - free petroleums, etc., after this Act enters into force.

(2) The amended provisions of Article 106 - 2 (8) shall apply starting with the portion of the purchase coupon of tax - free petroleums, etc. which is first issued, or the purchase coupon of tax - free petroleums, etc. or the petroleum products supplied by the purchase coupon of tax - free petroleums, etc. which are first taken over, after this Act enters into force.

Article 37 (Applicability to Special Case of Deduction of Input Tax Amount of Value - Added Tax on Recycled Waste Resources, etc.)

(1) The amended provisions of Article 108 (1) shall apply starting with the portion which is first acquired after this Act enters into force.

(2) The amended provisions of Article 108 (2) shall apply starting with the taxable period which first commences after this Act enters into force.

Article 38 (Applicability to Tax Credit on Increased Revenue Amounts, etc.)

The amended provisions of Article 122 (2) and (3) shall apply starting with the portion of the amount of revenues which is derived after this Act enters into force.

Article 39 (Applicability to Special Taxation on Income Tax, etc. for Business Operators Filing Faithful Returns)

(1) The amended provisions of Article 122 - 2 (1) (excluding the amended provisions concerning the value - added tax), (2), (4), (8) (excluding the amended provisions concerning the value - added tax) and (9) shall apply starting with the portion of the income which first accrues after this Act enters into force.

(2) The amended provisions of Article 122 - 2 (1) and (8) concerning the value - added tax and of paragraphs (3) and (5) of the said Article shall apply starting with the portion which is reported on or after July 1, 2007.

(3) The amended provisions of Article 122 - 2 (9) 1 (c) shall apply starting with the portion which is first settled after this Act enters into force.

Article 40 (Applicability to Income Deduction for Amounts Drawn on credit cards, etc.)

The amended provisions of Article 126 - 2 (1) shall apply starting with the portion of the annual aggregate of amounts drawn on credit cards, etc. which is calculated in the year whereto belongs the date this Act enters into force.

Article 41 (Applicability to Value - Added Tax Credits, etc. for Cash Receipt Service Operators)

The amended provisions of Article 126 - 3 (1) shall apply starting with the portion of the payment records which are submitted after this Act enters into force.

Article 42 (Applicability to Composite Ceiling of Reduction or Exemption of Gift Tax)

In the application of the amended provisions of Article 133 (3), the amount of the gift tax exempted pursuant to Articles 15 and 16 of the Addenda of the amended Regulation of Tax Reduction and Exemption Act, Act No. 5584, before this Act enters into force shall not be added up.

Article 43 (Transitional Measures concerning Inclusion of Reserves in Deductible Expenses)With respect to the inclusion of the reserves, which are added to the deductible expenses in each taxable year

Article 44 (Transitional Measures concerning Special Taxation on Stock Option)With respect to the profits derived by exercising a stock option which is granted prior to the entry into force of this Act

Article 45 (Transitional Measures concerning Reduction and Exemption of Tax Amount, Property Tax, etc. for Job - Creating Start - up Enterprises)

(1) With respect to the reduction and exemption of a tax amount for a national who incorporates a start - up enterprise pursuant to the former provisions of Article 30 - 2 (1) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 30 - 2.

(2) With respect to the reduction and exemption of a tax amount for a national who incorporates a start - up enterprise pursuant to the former provisions of Article 30 - 2 (1) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 121.

Article 46 (Transitional Measures concerning Special Case of Period for Deduction Carried Forward of Loss of Job - Creating Start - up Enterprises)With respect to the deduction carried forward of a loss i

Article 47 (Transitional Measures concerning Special Taxation on Corporate Restructuring Securities Investment Companies, etc.)With respect to the transfer of the stocks or equities acquired through a

Article 48 (Transitional Measures concerning Special Taxation on Special Company for Corporate Restructuring, etc.)

(1) With respect to the non - taxation of the corporate tax on the dividend income received from an enterprise subject to corporate restructuring prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55 (1).

(2) With respect to the transfer of the stocks that are first acquired by investing in a special company for corporate restructuring or a corporate restructuring investment company pursuant to the former provisions of Article 55 (4) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55 (4).

Article 49 (Transitional Measures concerning Special Taxation on Self - Managed Real Estate Investment Company, etc.)

(1) With respect to the person who commenced a lease business but had no income from the lease business prior to the entry into force of this Act, he/she shall be deemed to have commenced the lease business on the enforcement date of this Act, and thereby shall be subject to the amended provisions of Article 55 - 2 (4).

(2) With respect to the transfer of the stocks that are first acquired by investing in a real estate investment company pursuant to the former provisions of Article 55 - 2 (5) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55 - 2 (5).

Article 50 (Transitional Measures concerning Special Taxation of Corporate Tax for Merger of National Agricultural Cooperatives Federation, etc.)With respect to the inclusion of a subsidy, which is no

Article 51 (Transitional Measures concerning Special Taxation on Donations)With respect to the inclusion of a donation, which is not added to the deductible expenses, in the deductible expenses pursua

Article 52 (Transitional Measures concerning Exemption of Capital Gains Tax for Relocation of Museum, etc.)With respect to the reduction or exemption of a capital gains tax pursuant to the former prov

Article 53 (Transitional Measures concerning Special Case of Inclusion in Deductible Expenses for Agricultural Cooperatives, etc.)With respect to the inclusion of the transfer margin, which is added t

Article 54 (Transitional Measures concerning Special Taxation of Capital Gains Tax on Real Estate Used for Public Projects in Designated Areas)With respect to the transfer (including the case of expro

Article 55 (Transitional Measures concerning Special Taxation on Tax - favored Comprehensive Savings)

(1) With respect to the interest or dividend income accruing from the tax - favored comprehensive savings, the expiry date of whose contract period is fixed, subscribed to pursuant to the former provisions of Article 89 (1) prior to the entry into force of this Act, the former provisions shall apply until the contract period of the savings expires, notwithstanding the amended provisions of Article 89 (1).

(2) With respect to the interest or dividend income accruing from the tax - favored comprehensive savings, the expiry date of whose contract period is not fixed, subscribed to pursuant to the former provisions of Article 89 (1) prior to the entry

into force of this Act, the former provisions shall apply until December 31, 2009, notwithstanding the amended provisions of Article 89 (1).

Article 56 (Transitional Measures concerning Application of Zero Tax Rate to Urban Railway Construction Services Directly Furnished to Urban Railroad Corporation)With respect to the urban railway cons

Article 57 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Companies Located in Jeju High - tech Science and Technology Complex) With respect to the enterprise located

Article 58 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Companies Located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)With respect to the enterpris

Article 59 (Transitional Measures concerning Special Taxation on Income Tax, etc. for Business Operators Filing Faithful Returns)

(1) With respect to the special taxation on the income tax or the corporate tax for a business operator who has filed a faithful return for the taxable period prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 122 - 2 (1), (2), (4) and (5).

(2) With respect to the relief rate by taxable period for a business operator who was subject to the former provisions of Article 122 - 2 (3) prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 122 - 2 (3).

ADDENDA <No. 8347, 11. Apr, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 5 Omitted.

ADDENDA <No. 8362, 11. Apr, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDA <No. 8367, 11. Apr, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <No. 8371, 11. Apr, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDA <No. 8387, 27. Apr, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA <No. 8466, 17. May, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 8493, 01. Jun, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 86 - 3 and 136 (3) shall enter into force on September 1, 2007.

Article 2 (Applicability to Tax Credit for Improving Enterprise's Bill System)

The amended provisions of Article 7 - 2 (2) 1 shall apply, starting from the first settlement or use which is made on or after the date this Act enters into force.

Article 3 (Applicability to Income Deduction, etc. for Mutual - Aid Installments of Small Enterprises and Small Commercial and Industrial Businessmen)

The amended provisions of Article 86 - 3 shall apply, starting from the portion of the payment made after joining the mutual aid during the taxable period to which the date this Act enters into force belongs.

Article 4 (Applicability to Special Taxation on Dividends from Investment Companies, etc.)

The amended provisions of Article 91 - 2 shall apply, starting from the first dividend income (including interest income in the case of the investment trust created on or before December 31, 2006) that accrues and is paid on or after the date this Act enters into force.

Article 5 (Applicability to Special Taxation for Personnel Companies)

The amended provisions of Article 104 - 11 (1) shall apply, starting from the portion of dividend paid by a personnel company which is subject to the application of special taxation on or after the date this Act enters into force.

Article 6 (Applicability to Special Cases for Non - inclusion of Reception Expenses in Deductible Expenses)

The amended provisions of Article 136 (3) shall apply, starting from the portion disbursed during the taxable year to which the date this Act enters into force belongs.

ADDENDA <No. 8572, 03. Aug, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
Articles 2 through 5 Omitted.

ADDENDA <No. 8827, 31. Dec, 2007 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2008: Provided, That the amended provisions of Articles 106 - 4 through 106 - 6, and 126 - 3 shall enter into force on July 1, 2008, while the amended provisions of Articles 100 - 14 through 100 - 26, and 122 (5) shall enter into force on January 1, 2009.

Article 2 (General Applicable Examples)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply to the taxable years that begin on or after the enforcement date of this Act.

(2) The amended provisions of this Act concerning the value - added tax shall apply to the goods or services supplying or supplied or the goods for which an import declaration is filed on or after the enforcement date of this Act.

(3) The amended provisions of this Act concerning the capital gains tax and the securities transaction tax shall apply to the assets transferred on or after the enforcement date of this Act.

(4) The amended provisions of this Act concerning the inheritance tax and the gift tax shall apply to the inheritance commenced or the gift conveyed on or after the enforcement date of this Act.

(5) The amended provisions of this Act concerning the individual consumption tax, the traffic, energy and environment tax, the education tax, and the driving tax shall apply to the goods released for a manufacturing place or a bonded area or those for which an import declaration is filed on or after the enforcement date of this Act.

(6) The amended provisions of this Act concerning the acquisition tax and the registration tax shall apply to the property acquired or registered on or after the enforcement date of this Act.

(7) The amended provisions of this Act concerning the customs duty shall apply to the goods for which an import declaration is filed on or after the enforcement date of this Act.

(8) The amended provisions of this Act concerning the property tax and the gross real estate tax shall apply to the property for which the duty to pay the taxes arises on or before the enforcement date of this Act.

Article 3 (Applicability to Reduction and Exemption of Tax Amount for Small or Medium Start - up Enterprises, etc.)

The amended provisions of Article 6 (2) shall apply to the enterprises designated to venture businesses on or after the enforcement date of this Act.

Article 4 (Applicability to Tax Credit for Improvement of Bill System of Enterprises)

The amended provisions of Article 7 - 2 (3) shall apply to the transactions made under the system on or after the enforcement date of this Act.

Article 5 (Applicability to Special Taxation for Inclusion of Small or Medium Enterprise Support Facilities in Deductible Expense)

The amended provisions of Article 8 shall apply to the facilities transferred or donated on or after the enforcement date of this Act.

Article 6 (Applicability to Special Taxation for Investment in Small or Medium start-up Business Investment Companies, etc.)

The amended provisions of Article 14 (2) shall apply to the investments made on or after the enforcement date of this Act.

Article 7 (Applicability to Tax Credit for Investment in Productivity Increase Facilities)

The amended provisions of Article 24 shall apply to the investments made on or after the enforcement date of this Act.

Article 8 (Applicability to Tax Credit for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25 - 3 shall apply to the investments made on or after the enforcement date of this Act.

Article 9 (Applicability to Tax Credit for Investment in Facilities for Improved Quality Management of Medicines)

The amended provisions of Article 25 - 4 shall apply to the investments made on or after the enforcement date of this Act.

Article 10 (Applicability to Special Taxation for Small or Medium Enterprises and Trade - Adjusted Enterprises Whose Business is Converted)

The amended provisions of Article 33 shall apply to the enterprises that convert their business on or after the enforcement date of this Act.

Article 11 (Applicability to Reduction or Exemption of Tax Amount for Small or Medium Enterprises with Their Business Converted and Trade - Adjusted Enterprises)

The amended provisions of Article 33 - 2 shall apply to the enterprises that convert their business on or after the enforcement date of this Act.

Article 12 (Applicability to Special Taxation for Transfer of Assets Redundant after Merger)

The amended provisions of Article 47 - 4 (1) shall apply to the enterprises merged (including those merged after split - off) on or after the enforcement date of this Act.

Article 13 (Applicability to Special Taxation for Establishment, etc. of Financial Holding Companies)

The amended provisions of Article 52 - 2 (1) shall apply to financial holding companies' stocks exchanged or the stocks transferred to financial holding companies on or after the enforcement date of this Act.

Article 14 (Applicability to Special Taxation for Special Companies for Corporate Restructuring)

The amended provisions of Article 55 (1) shall apply to the investments made on or after the enforcement date of this Act.

Article 15 (Applicability to Special Taxation for Relocation of Factories to Outside of Large Cities)

The amended provisions of Article 60 (2) shall apply to the sites and buildings of factories transferred on or after the enforcement date of this Act.

Article 16 (Applicability to Special Taxation for Corporation Tax on Transfer Margin Following Relocation of Corporation' Head Offices to Outside of Overconcentration Control Region of Seoul Metropoli)

The amended provisions of Article 61 (3) shall apply to the site and buildings of headquarters or principal places of business transferred on or after the enforcement date of this Act.

Article 17 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Relocation of Corporation' Factories and Head Offices to Outside of Seoul Metropolitan Area)

The amended provisions of Article 63 - 2 shall apply to the head offices or factories relocated on or before the enforcement date of this Act: Provided, That if it has not passed five years since a corporation relocated all of its factories before the enforcement of this Act, the amended provisions of Article 63 - 2 (6) and (9) shall apply from the enforcement date of this Act to the fifth anniversary of the day on which the facilities of such factories are completely relocated.

Article 18 (Applicability to Tax Credit for Custom - made Training Expenses, etc. in Local Universities and Colleges)

The amended provisions of Article 63 - 3 (1) shall apply to the expenses paid on or after the enforcement date of this Act, and the amended provisions of paragraph (2) of the same Article shall apply to the donations made on or after the enforcement date of this Act.

Article 19 (Applicability to Special Taxation on Donations)

The amended provisions of Article 73 (1) shall apply to the donations given on or after the enforcement date of this Act.

Article 20 (Applicability to Reduction or Exemption of Capital Gains Tax on Land, etc. for Public Works)

The amended provisions of Article 77 shall apply to the land, etc. transferred on or after July 6, 2007.

Article 21 (Applicability to Special Taxation for Capital Gains Tax on Compensation by Substitute Land)

The amended provisions of Article 77 - 2 shall apply to the land, etc. transferred on or after October 17, 2007.

Article 22 (Applicability to Special Taxation for Relocation of Factories in Multifunctional Administrative City, etc. to Rural Area)

The amended provisions of Article 85 - 2 shall apply to the factories relocated or transferred on or after the enforcement date of this Act.

Article 23 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Social Enterprises)

The amended provisions of Article 85 - 6 shall apply to the income generated on or after the enforcement date of this Act.

Article 24 (Applicability to Special Taxation on Relocation of Factories in Areas for Public Works)

The amended provisions of Article 85 - 7 shall apply to the factories relocated or transferred on or after the enforcement date of this Act.

Article 25 (Applicability to Income Deduction, etc. for Annuity Savings)

The amended provisions of Article 86 - 2 (4) shall apply to the income generated on or after the enforcement date of this Act.

Article 26 (Applicability to Non - taxation, etc. on Long - term Savings for Housing Purchase)

The amended provisions of Article 87 (1), (2) 2, (3), and (8) shall apply to the accounts newly opened or those for which the maturity is extended on or after the enforcement date of this Act.

Article 27 (Applicability to Additional Tax against Failure in Submission of Data for Tax-favored Savings)

The amended provisions of Article 90 - 2 (1) shall apply to the data that shall be submitted or notified of on or after the enforcement date of this Act.

Article 28 (Applicability to Special Taxation on Dividends of Investment Companies, etc.)

The amended provisions of Article 91 - 2 (2) shall apply to the dividend income (including the interest income, where the investment trust involved was created on or before December 31, 2006) generated and paid on or after the enforcement date of the Partial Amendment (Act No. 8493) to the Restriction of Special Taxation Act.

Article 29 (Applicability to Special Taxation on High - yield High - risk Investment Trusts, etc.)

The amended provisions of Article 91 - 7 shall apply to the income generated on or after the enforcement date of this Act.

Article 30 (Applicability to Special Taxation on Investment Trusts for Public Donation)

The amended provisions of Article 91 - 8 shall apply to the investment trusts for public donation created or established on or after the enforcement date of this Act.

Article 31 (Applicability to Special Taxation on Capital Gains Tax for Purchasers of Rural or Fishing Village Houses)

The amended provisions of Article 99 - 4 (limited to the amended provisions concerning the standard value at the time of acquiring a rural or fishing village house) shall apply to the houses acquired on or after the enforcement date of this Act.

Article 32 (Applicability to Tax Credit for Foreign Tax Amount Paid)

The amended provisions of Article 104 - 6 (1) shall apply to the dividends received on or after the enforcement date of this Act.

Article 33 (Applicability to Tax Credit for Third Party Distribution Expense)

The amended provisions of Article 104 - 14 shall apply to the payments made on or after the enforcement date of this Act.

Article 34 (Applicability to Special Taxation for Investment in Development of Overseas Resources)

(1) The amended provisions of Article 104 - 15 (1) shall apply to the investments or contributions made on or after the enforcement date of this Act.

(2) The amended provisions of Article 104 - 15 (4) shall apply to the subsidies granted on or after the enforcement date of this Act.

Article 35 (Applicability to Special Taxation for Financial Soundness of Universities and Colleges)

(1) The amended provisions of Article 104 - 16 (1) shall apply to the transfer made on or after the enforcement date of this Act.

(2) The amended provisions of Article 104 - 16 (4) shall apply to the contributions made on or after the enforcement date of this Act.

Article 36 (Applicability to Exemption of School Facilities Management Businesses from Value - Added Tax)

The amended provisions of Article 106 (1) 8 shall apply to the right to manage and operate facilities granted or the services provided on or after the enforcement date of this Act.

Article 37 (Applicability to Intensified Control of Tax - free Petroleum Products)

(1) The amended provisions of Article 106 - 2 (2) shall apply to the applications filed for refund, etc. on or after the enforcement date of this Act.

(2) The amended provisions of Article 106 - 2 (3) concerning the reporting on changes shall apply to the changes that occur on or after the enforcement date of this Act.

(3) The amended provisions of Article 106 - 2 (9) and (11) through (13) shall apply to the cases where a cause for levying the additional tax occurs on or after the enforcement date of this Act.

(4) The amended provisions of Article 106 - 2 (10) 1 shall apply to the reports filed on or after the enforcement date of this Act and the amended provisions of subparagraph 2 of the said paragraph shall apply to the transfer made on or after the enforcement date of this Act, while the amended provisions of subparagraph 3 of the said paragraph shall apply to the cases in which a cause for imposing an additional amount occurs on or after the enforcement date of this Act.

(5) The amended provisions of Article 106 - 2 (14) shall apply to the acquisition, inheritance, and merger made on or after the enforcement date of this Act.

Article 38 (Applicability to Special Taxation on Value - Added Tax on Gold Bullion)

The amended provisions of Article 106 - 3 (1) and (2) shall apply to the gold bullion supplying or supplied or those for which an import declaration is filed on or after the enforcement date of this Act.

Article 39 (Applicability to Special Taxation on Payment of Value - added Tax by Purchasers of Gold - related Products)

The amended provisions of Article 106 - 4 shall apply to the gold - related products supplying or supplied on or after July 1, 2008 with a gold trading account opened and reported on or after June 1, 2008.

Article 40 (Applicability to Special Tax Credit for Constructive Input Supplies of Gold Scraps)

The amended provisions of Article 106 - 5 shall apply to the gold scraps acquired on or after the enforcement date of this Act.

Article 41 (Applicability to Submission of Statement of Transactions of Gold Bullion, etc.)

The amended provisions of Article 106 - 6 shall apply to the gold bullion, etc. produced and released or those for which an import declaration is filed on or after the enforcement date of this Act.

Article 42 (Applicability to Exemption, etc. from Registration Tax)

The amended provisions of Article 119 (3) and (7) shall apply to the registration completed on or after the enforcement date of this Act.

Article 43 (Applicability to Exemption, etc. from Acquisition Tax)

The amended provisions of Article 120 (3) shall apply to the property acquired for business purpose on or after the enforcement date of this Act.

Article 44 (Applicability to Adjustment of Maximum Amount Allowed to Purchase from Duty - free Shops While Travelling in Jeju Special Self - Governing Province)

The amended provisions of Article 121 - 13 (5) shall apply to the duty - free goods sold or purchased on or after the enforcement date of this Act.

Article 45 (Applicability to Tax Credit for Increased Revenue of Gold Business Operators)

The amended provisions of Article 122 (5), (9), and (10) shall apply to the tax returns filed on or after January 1, 2009.

Article 46 (Applicability to Deduction of Medical Expenses, etc. for Business Operators)

The amended provisions of Article 122 - 3 shall apply to the income generated on or after the enforcement date of this Act.

Article 47 (Applicability to Income Deduction for Amounts Drawn on credit cards, etc.)

The amended provisions of Article 126 - 2 (1), (3), and (7) shall apply to annual aggregates of amounts drawn on credit cards, etc. for the year to which the enforcement date of this Act belongs.

Article 48 (Applicability to Special Taxation on Cash Receipt Service Operators and Cash Receipt Merchants)

The amended provisions of Article 126 - 3 (2) shall apply to the Cash Receipts issued on or after July 1, 2008.

Article 49 (Transitional Measures concerning Inclusion of Reserves in Deductible Expenses)

The inclusion in gross income of reserves included in deductible expenses for each taxable year or the payment for an additional amount equivalent to interest under the former provisions of Articles 4, 17, and 75 at the time when this Act enters into force shall be governed by the former provisions.

Article 50 (Transitional Measures concerning Special Taxation on Investments in Small or Medium Start - up Business Investment Companies, etc.)

(1) The transfer of stocks or equity shares acquired by an enterprise restructuring association as a result of investment in an enterprise subject to restructuring pursuant to the former provisions of Article 14 (1) 5 before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 14 (1) 5.

(2) The transfer of stocks or equity shares acquired as a result of investment under the former provisions of Article 14 (2) before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 14 (2).

Article 51 (Transitional Measures concerning Special Taxation on Repayment of Financial Obligations by Small or Medium Enterprises)

Where a business - purpose real estate was transferred in accordance with the former provisions of Article 34 (2) before the enforcement of this Act and obligations owed to the relevant creditor financial institution is repaid after the enforcement of this Act with the price for such transfer, the reduction or exemption of the capital gains tax shall be governed by the former provision, notwithstanding the amended provisions of Article 34 (2).

Article 52 (Transitional Measures concerning Special Taxation for Special Companies for Corporate Restructuring)

The transfer of stocks or equity shares acquired by a special company for corporate restructuring as a result of its direct investment or indirect investment through an enterprise restructuring association before the enforcement of this Act in accordance with the former provisions of Article 55 shall be governed by the former provisions, notwithstanding the amended provisions of Article 55.

Article 53 (Transitional Measures concerning Non - taxation, etc. on Long - term Savings for Housing Purchase)

The accounts of long - term savings for housing purchase which are opened before the enforcement date of this Act shall be deemed to be opened on January 1, 2008, and thus shall be governed by the amended provisions of Article 87 (8) (limited to subparagraph 2).

Article 54 (Transitional Measures concerning Special Non - inclusion of Employee Stock Ownership in Taxable Amount of Inheritance Tax)

The stocks acquired before the enforcement of this Act in accordance with the former provisions of Article 93 shall be governed by the former provisions, notwithstanding the amended provisions of Article 93.

Article 55 (Transitional Measures concerning Intensified Control of Tax - free Petroleum)

In applying the amended provisions of Article 106 - 2 (2), the products supplied by petroleum distributors to farmers, foresters, and fishers before the enforcement of this Act shall be governed by the former provisions of Article 113 (2) and (3).

Article 56 (Transitional Measures concerning Income Deduction for Amounts Drawn on credit cards, etc.)

As regards the taxable period to which the enforcement date of this Act belongs, the applicable amount shall be the aggregate of the amounts drawn on credit cards, etc. for the period of time beginning on December 1, 2007 and ending on December 31,

2008, notwithstanding the amended provisions of Article 126 - 2 (7).

ADDENDA <No. 8852, 29. Feb, 2008 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 7 Omitted.

ADDENDA <No. 8966, 21. Mar, 2008 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
Articles 2 through 13 Omitted.

ADDENDA <No. 8986, 28. Mar, 2008 >

(1) (Enforcement Date) This Act shall enter into force on May 1, 2008: Provided, That the amended provisions of Articles 111 - 2 (3) and 111 - 3 (2) shall enter into force on the date of its promulgation.

(2) (Applicability of Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax Imposed on Fuel of Compact motor vehicle) The provisions concerning the refund of the traffic, energy and environment tax and the individual consumption tax imposed on fuel of a compact motor vehicle in the amended provisions of Article 111 - 2 shall apply to the portion first purchased by an eligible person with an oil purchase card for refund on or after the date when this Act enters into force.

(3) (Applicability of Exemption from Individual Consumption Tax Imposed on LPG Supplied to Taxicab) The provisions concerning the exemption from an individual consumption tax imposed on LPG supplied to a taxicab in the amended provisions of Article 111 - 3 shall apply to the portion first purchased by a taxicab businessman with a tax - free oil purchase card for a taxi on or after the date when this Act enters into force.

ADDENDA <No. 9088, 05. Jun, 2008>

- (1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.
- (2) and (3) Omitted.

ADDENDA <No. 9131, 26. Sep, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 111 - 2 (2) and 112 shall enter into force on October 1, 2008.

Article 2 (Applicability to Tax Deduction for Improvement of Bill System of Enterprises)

The amended provisions of Article 7 - 2 (2) 1 shall apply beginning from the first bill settled, used or utilized after this Act enters into force.

Article 3 (Applicability to Exclusion from Gross Income of Income Dividend Received from Small or Medium Enterprises in Collaborative Cooperation)

The amended provisions of Article 8 - 2 shall apply beginning from the first income dividend received from investment after this Act enters into force.

Article 4 (Applicability to Tax Deduction for Investment in Facilities for Researches and Development of Human Resources)

The amended provisions of Article 11 (1) shall apply beginning from the first investment in the taxable year to which the enforcement date of this Act belongs.

Article 5 (Applicability to Tax Deduction for Investment in Energy Saving Facilities)

The amended provisions of Article 25 - 2 (1) shall apply beginning from the first investment commenced after this Act enters into force.

Article 6 (Applicability to Tax Deduction Subsequent to Conversion into Regular Workers)

The amended provisions of Article 30 - 2 shall apply beginning from the workers converted into regular workers in the taxable year to which the enforcement date of this Act belongs.

Article 7 (Applicability to Special Case for Taxation of Gross Real Estate Tax on Service Business, etc.)

The amended provisions of Article 104 - 12 (2) 3 shall apply beginning from the gross real estate tax the liability for payment of which is constituted in the year to which the enforcement date of this Act belongs.

Article 8 (Applicability to Special Cases concerning Inclusion in Deductible Expenses at Time of Contribution of Dormant Deposit of Financial Institutions)

The amended provisions of Article 104 - 17 shall apply beginning from the dormant deposit contributed in the business year to which the enforcement date of this Act belongs.

Article 9 (Applicability to Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel of Compact motor vehicles and Small Trucks)

A part concerning refund of the traffic, energy and environment tax and the individual consumption tax from among the amended provisions of Article 111 - 2 shall apply beginning from the first fuel purchased with an oil purchase card for refund by an eligible person after this Act enters into force.

Article 10 (Applicability to Exemption of Individual Consumption Tax on Admission to Membership Golf Course Located outside Seoul Metropolitan Area)

The amended provisions of Article 112 shall apply beginning from the admission to a golf course after October 1, 2008.

Article 11 (Transitional Measures concerning Tax Deduction for Investment in Energy Saving Facilities)

An amount of money equivalent to 10/100 of the amount of money invested by December 31, 2009 for the part invested after this Act enters into force as the investment which is in progress at the time when this Act enters into force, notwithstanding the amended provisions of Article 25 - 2 (1), shall be deducted from the income tax or the corporate tax.

Article 12 Omitted.

ADDENDA <No. 9272, 26. Dec, 2008 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2009: Provided, That the amended provisions of Articles 85 - 3, 89 - 2, 91 - 9, 91 - 10, 100 - 3, 100 - 5, 100 - 6, 100 - 11, 132, 133 shall enter into force on the date of its promulgation, the amended provisions of Articles 74 (3), 87 - 5 (3) and (4), 88 - 4 (3) and (6), 89 (1) 1, Article 91 (1) other than each subparagraph (excluding the amended part concerning the period for possession of stocks), paragraphs (3) and (5) through (7) of the same Article, Articles 91 - 2, 91 - 4 (2) and (3), 91 - 6, 91 - 8, 100 - 15, 106 - 3 (1) 3, (4) 2, (7), 117 (1) 3 through 6, 10 and 18, 119 (6) and (7), 120 (4) 2 and 121 - 5 (5) 3 shall enter into force on February 4, 2009.

Article 2 (Special Case According to Enforcement Date of Financial Investment Services and Capital Markets Act)

From among the amended provisions of Article 91 - 9 (1) 1, "the securities market under the Financial Investment Services and Capital Markets Act" shall be deemed "the securities market or KOSDAQ market under the Securities and Exchange Act" until February 3, 2009, from among the amended provisions of Articles 91 - 9 (1) 1 and 91 - 10 (1) 1, "an investment company or an investment trust under the Financial Investment Services and Capital Markets Act (excluding special accounts of an insurance company under Article 251 of the same Act)" shall be deemed "an investment company or an investment trust under the Indirect Investment Assets Management Business Act (excluding special accounts of an insurance company under Article 135 of the same Act)," respectively, until February 3, 2009, from among the amended provisions of Article 91 - 10 (1) 1, "acquisition of stocks or beneficiary certificates (limited to acquisition of stocks or beneficiary certificates issued by a method of subscription or sale under Article 9 (7) and (9) of the same Act)" shall be deemed "acquisition of stocks or beneficiary certificates (limited to acquisition of stocks or beneficiary certificates issued by a method of subscription or sale under Article 2 (3) and (4) of the Securities and Exchange Act)" until February 3, 2009.

Article 3 (General Applicability)

- (1) The amended provisions of this Act concerning income tax and corporate tax shall apply beginning from the first taxable year after this Act enters into force.
- (2) The amended provisions of this Act concerning value - added tax shall apply beginning from the first supply of goods or services or the first receipt of goods or

services supplied, or first declaration of import of goods after this Act enters into force.

(3) The amended provisions of this Act concerning capital gains tax and securities transaction tax shall apply beginning from the first transfer after this Act enters into force.

(4) The amended provisions of this Act concerning inheritance tax and donation tax shall apply beginning from the first inheritance or first donation after this Act enters into force.

(5) The amended provisions of this Act concerning individual consumption tax, traffic tax, environment tax, energy tax, education tax and traveling tax shall apply beginning from the first transportation out of a place of manufacturing or a bonded area or first declaration of import after this Act enters into force.

(6) The amended provisions of this Act concerning stamp tax shall apply beginning from the first preparation of taxation documents after this Act enters into force.

(7) The amended provisions of this Act concerning acquisition tax and registration tax shall apply from the first acquisition or registration after this Act enters into force.

(8) The amended provisions of this Act concerning customs duties shall apply beginning from the first declaration of import after this Act enters into force.

(9) The amended provisions of this Act concerning the special provisions on taxation on partnership firms in Section 10 - 3 shall apply beginning from the first part governed by the special provisions on taxation on partnership firms after this Act enters into force.

Article 4 (Applicability to Reduction and Exemption of Tax Amount for Newly Established Small or Medium Enterprises)

The amended provisions of Article 6 (3) shall apply beginning from the first small or medium enterprise newly established after this Act enters into force.

Article 5 (Applicability to Non - Taxation on Stock Transfer Marginal Profit of Investment company for Establishment of Small or Medium Enterprises)

The amended provisions of Article 13 shall apply beginning from the first investment after this Act enters into force.

Article 6 (Special Case concerning Special Provisions on Taxation on Investment in Enterprises Subject to Restructuring)

For stocks or stakes of investment acquired by investment in enterprises subject to restructuring under Article 14 (4) of the Industrial Development Act through an association for restructuring of enterprises under Article 15 of the same Act by an institutional investor under the former Article 14 (2) on or before May 7, 2009, a tax amount equivalent to 50/100 of the corporate tax on transfer marginal profit accruing from transfer of the relevant stocks or stakes of investment shall be reduced or exempted.

Article 7 (Applicability to Income Deduction for Investment in Investment Association for Establishment of Small or Medium Enterprises)

The amended provisions of Article 16 shall apply beginning from investment or contribution after this Act enters into force.

Article 8 (Applicability to Tax Deduction for Investment in Environment Preservation Facilities)

The amended provisions of Article 25 - 3 (1) shall apply beginning from the first investment after this Act enters into force.

Article 9 (Applicability to Special Provisions on Taxation on Establishment of Holding Company by Investment in Kind or Exchange, Transfer of Stocks)

The amended provisions of Article 38 - 2 shall apply beginning from the first investment in kind, etc. after this Act enters into force.

Article 10 (Special Case concerning Special Provisions on Taxation on Specialized Enterprise Restructuring Company)

Notwithstanding the amended provisions of Article 55 (1), where a specialized enterpr

Article 11 (Applicability to Special Provisions on Taxation on Corporate Tax on Investment in Kind of Land in Enterprise City Development Project Area)

The amended provisions of Article 85 - 3 shall apply beginning from the investment in the business year to which the date of promulgation of this Act belongs.

Article 12 (Applicability to Special Provisions on Taxation on Stockholders of Ship Investment Company)

The amended provisions of Article 87 - 5 shall apply beginning from the first dividend income received after this Act enters into force.

Article 13 (Applicability to Non - Taxation on Savings for Living of Aged and Disabled)

The amended provisions of Article 88 - 2 shall apply beginning from the first savings, the account of which is opened, or the term of contract of which is extended after

this Act enters into force.

Article 14 (Applicability to Special Provisions on Taxation on Favorable Tax Composite Savings)

The amended provisions of Article 89 shall apply beginning from the first savings, the account of which is opened, or the term of contract of which is extended after this Act enters into force: Provided, That notwithstanding the amended provisions of Article 89 (1), the former provisions shall apply to the interest income and dividend income of savings which has no expiration date of the term of contract until December 31, 2011 as favorable tax composite savings the account of which has been opened pursuant to Article 89 (1).

Article 15 (Applicability to Presentation of Favorable Tax Data)

The amended provisions of Article 89 - 2 shall apply beginning from the first savings the account of which was opened after October 20, 2008.

Article 16 (Applicability to Low Rate Taxation on Deposits of Association)

The amended provisions of Article 89 - 3 shall apply beginning from the first income accrued after this Act enters into force.

Article 17 (Applicability to Non - Taxation of Income tax and Special Case of Withholding for Dividend Income of Long - Term Possessed Stocks)

The amended provisions of Article 91 shall apply beginning from the first dividend income received after this Act enters into force.

Article 18 (Applicability to Special Provisions on Taxation on Dividend Income of Stocks of Social Infrastructure Investment and Financing Company)

The amended provisions of Article 91 - 4 shall apply beginning from the dividend income received after this Act enters into force.

Article 19 (Applicability to Income Deduction for Long - Term Stock - Type Savings)

The amended provisions of Article 91 - 9 shall apply beginning from the first savings the account of which was opened after October 20, 2008.

Article 20 (Applicability to Non - Taxation on Long - Term Corporate Debenture - Type Savings)

The amended provisions of Article 91 - 10 shall apply beginning from the first savings, the account of which was opened after October 20, 2008.

Article 21 (Applicability to Special Provisions on Taxation on Houses Unsold in Country)

The amended provisions of Article 98 - 2 shall apply beginning from the first house transferred after this Act enters into force.

Article 22 (Applicability to Special Provisions on Taxation on Capital Gains Tax for Acquisitors of Houses in Agricultural and Fishing Villages)

The amended provisions of Article 99 - 4 shall apply beginning from the first acquisition of a house in agricultural and fishing villages or a house in a native place after this Act enters into force.

Article 23 (Applicability to Qualifications for Application for Bounty on Labor)

The amended provisions of Articles 100 - 3, 100 - 5, 100 - 6 and 100 - 11 shall apply beginning from the income belonging to the taxable year to which the enforcement date of this Act belongs.

Article 24 (Applicability to Special Provisions on Taxation on Land Acquired by Housing Construction Business Operator)

The amended provisions of Article 104 - 19 shall apply beginning from the first acquisition of land for which liability of tax payment is constituted after this Act enters into force.

Article 25 (Applicability to Additional Collection of Value - Added Tax for Tax - Free Oil for Agriculture and Fishery Use)

The amended provisions of Article 106 - 2 (12) 3 shall apply beginning from the first application for repayment of a tax amount reduced or exempted after this Act enters into force.

Article 26 (Applicability to Reduction and Exemption of Corporate Tax for Foreigners' Investment)

The amended provisions of Article 121 - 2 shall apply beginning from the first application for tax reduction or exemption after this Act enters into force.

Article 27 (Applicability to Exclusion of Tax Reduction and Exemption for Investment in Overpopulation Control Area in Seoul Metropolitan Area)

The amended provisions of Article 130 shall apply beginning from the first investment after this Act enters into force.

Article 28 (Special Case concerning Minimum Tax)

(1) Notwithstanding the amended provisions of Article 132 (1), "13/100 (10/100 for the part under the tax base of 100 billion won, 7/100 in cases of small or medium enterprises)" of the same provisions shall be "15/100 (13/100 for the part under the

tax base of 100 billion won, 8/100 in cases of small or medium enterprises)" in the business year to which the enforcement date of this Act belongs.

(2) Notwithstanding the amended provisions of Article 132 (1), "13/100 (10/100 for the part under the tax base of 100 billion won, 7/100 in cases of small or medium enterprises)" of the same provisions shall be "14/100 (11/100 for the part under the tax base of 100 billion won, 8/100 in cases of small or medium enterprises)" in the business year to which the date when one year has passed after this Act enters into force belongs.

(3) When calculating a tax amount of interim prepayment under Article 63 (1) of the Corporate Tax Act of the business year beginning after January 1, 2009, the minimum tax of the preceding business year of the relevant business year shall be calculated by application of rates under paragraph (2), and when calculating a tax amount of interim prepayment under Article 63 (1) of the Corporate Tax Act of the business year beginning after January 1, 2010, the minimum tax of the preceding business year of the relevant business year shall be calculated by application of the amended provisions of Article 132 (1).

Article 29 (Applicability to Composite Limits of Reduction or Exemption of Capital Gains Tax and Donation Tax)

The amended provisions of Article 133 shall apply beginning from the first transfer in the taxable year to which the enforcement date of this Act belongs.

Article 30 (Applicability to Special Provisions on Taxation on Sales Profit of Inventory Assets in Logistics Facilities in Bonded Area of Non - Residents)

The amended provisions of Article 141 - 2 shall apply beginning from the first income paid after this Act enters into force.

Article 31 (Transitional Measures concerning Special Provisions on Taxation on Investment in Investment Company for Establishment of Small or Medium Enterprises)Notwithstanding the amended provisions

Article 32 (Transitional Measures concerning Inclusion of Transfer Marginal Profit of International Ship in Deductible Expenses)Notwithstanding the amended provisions of Article 23, the former provisi

Article 33 (Transitional Measures concerning Reduction or Exemption of Capital Gains Tax)

Where small or medium enterprises having converted their businesses have transferred inventory assets for business use before conversion pursuant to the former Article 33 before this Act enters into force, the former provisions shall apply to reduction and exemption, deferred taxation and additional collection or such for capital gains tax.

Article 34 (Transitional Measures concerning Special Provisions on Taxation on Investment in Kind) Notwithstanding the amended provisions of Article 38, the former provisions shall apply to deferred ta

Article 35 (Transitional Measures concerning Special Provisions on Taxation on Corporate Tax for Transfer Marginal Profit of Land Acquired to Support Company Restructuring) Notwithstanding the amended

Article 36 (Transitional Measures concerning Special Provisions on Taxation on Exchange of Stocks between Companies) Notwithstanding the amended provisions of Article 46, the former provisions shall ap

Article 37 (Transitional Measures concerning Special Provisions on Taxation on Exchange of Stocks of Newly Established Corporation)

In case of exchange of stocks pursuant to the former Article 47 before this Act enters into force, notwithstanding the amended provisions of Article 47, the former provisions shall apply to deferred taxation on an amount equivalent to transfer marginal profits of assets at the time of investment in kind or division in kind.

Article 38 (Transitional Measures concerning Special Provisions on Taxation for Establishment of Financial Holding Company) Notwithstanding the amended provisions of Article 52 - 2, the former provisions

Article 39 (Transitional Measures concerning Special Provisions on Taxation for Securities Investment Company for Restructuring Enterprises)

When a securities investment company for restructuring enterprises under the former Article 54 (4) calculates the corporate tax on the income of the business year beginning before this Act enters into force, notwithstanding the amended provisions of Article 54, the former provisions shall apply to the dividend of the relevant business year.

Article 40 (Transitional Measures concerning Special Provisions on Taxation for Specialized Company Restructuring Enterprises) Notwithstanding the amended provisions of Article 55, the former provision

Article 41 (Transitional Measures according to Exemption of Value - Added Tax on Diapers and Powdered Milk for Infant)

Where a business operator who is converted into a value added tax - free business operator or to whom a tax - free business is added pursuant to the amended provisions of Article 106 (1) 11 directly uses money and property acquired before this Act enters into force for a business exempt from value - added tax, Articles 6 (2) and 17 (5) of the Value - Added Tax Act shall not apply.

ADDENDA <No. 9276, 29. Dec, 2008 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 9353, 30. Jan, 2009 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Reduction of and Exemption from Corporate Tax of Enterprises Moving into Investment Promotion Zone in Asian Cultural Hub City) The amended provisions of Article 121 - 20 shall apply beginning from the first enterprise (where an enterprise located in the Investment Promotion Zone in an Asian Cultural Hub City before this Act enters into force increases the capital or makes an investment in the period from the enforcement date of this Act to December 31, 2012, such capital increase or investment shall be included) moving into the Investment Promotion Zone after the enforcement date of this Act.

ADDENDA <No. 9366, 30. Jan, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA <No. 9370, 30. Jan, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 9374, 30. Jan, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Article 2 Omitted.

ADDENDA <No. 9432, 06. Feb, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 9512, 25. Mar, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Taxation for Enterprises Maintaining Employment)

The amended provisions of Article 30 - 3 shall apply beginning from the taxable year to which the enforcement date of this Act belongs.

Article 3 (Applicability to Reduction of or Exemption from Land, etc. subject to Purchase According to Designation of Areas of Restricted Development)

The amended provisions of Article 77 - 3 shall apply beginning from the first transfer in the taxable year to which the enforcement date of this Act belongs.

Article 4 (Applicability to Special Taxation for Investment Trust, etc. of Houses Unsold in Lots)

The amended provisions of Article 91 - 11 shall apply beginning from the first payment after this Act enters into force.

Article 5 (Applicability to Special Taxation for Retirement Income)

The amended provisions of Article 96 shall apply beginning from the income derived in the taxable year to which the enforcement date of this Act belongs.

Article 6 (Applicability to Special Taxation for Capital Gains Tax from Acquisition of Unsold Houses in Country)

The amended provisions of Article 98 - 2 (4) shall apply beginning from the first transfer after this Act enters into force.

Article 7 (Applicability to Special Taxation for Capital Gains Tax for Purchasers of Houses Unsold in Lots)

The amended provisions of Article 98 - 3 shall apply beginning from the first transfer after this Act enters into force.

Article 8 (Applicability to Special Cases concerning Inclusion in Deductible Expenses in Contributing Refund Amount from Non - Performing Loan Resolution Fund of Financial Institutions)

The amended provisions of Article 104 - 11 shall apply beginning from the first report after this Act enters into force.

Article 9 (Transitional Measures concerning Special Cases concerning Retirement Income)

Where the retirement tax amount in the year 2009 is withheld by applying the former provisions because a resident retires before this Act enters into force and the tax amount withheld exceeds an amount to be paid based on the amended provisions of this Act, the resident may receive back the exceeding amount in accordance with the final return on retirement income tax base under Article 71 of the Income Tax Act.

ADDENDA <No. 9584, 01. Apr, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force on May 8, 2009.

Articles 2 through 6 Omitted.

ADDENDA <No. 9620, 01. Apr, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <No. 9671, 21. May, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Temporary Investment Tax Deduction)

The amended provisions of Article 26 (1) and (6) shall apply beginning from the first investment in the taxable year whereto belongs the date this Act enters into force: Provided, That the amended provisions of Article 26 (1) 1 shall apply to the investment made after this Act enters into force concerning the investment in process as of the enforcement date of this Act after the investment began on or after July 1, 2000.

Article 3 (Applicability to Special Taxation for Small or Medium Enterprises Maintaining Employment)

The amended provisions of Article 30 - 3 (3) shall apply to the portion of the taxable year whereto belongs the date this Act enters into force.

Article 4 (Applicability to Special Taxation on Asset Sale for Redemption of Financial Liabilities of Enterprises)

The amended provisions of Article 34 shall apply beginning from the first transfer after this Act enters into force.

Article 5 (Applicability to Special Taxation for Takeover/Payment of Liabilities)

The amended provisions of Article 39 shall apply beginning from the first takeover/payment after this Act enters into force.

Article 6 (Applicability to Special Taxation on Corporate Tax, etc. following Assets Transfer by Stockholders, etc.)

The amended provisions of Article 40 shall apply beginning from the first grant of donation or transfer after this Act enters into force.

Article 7 (Applicability to Special Taxation on Gains from Debt Exemption of Corporation following Financial Restructuring Plan, etc.)

The amended provisions of Article 44 shall apply beginning from the first exemption after this Act enters into force.

Article 8 (Applicability to Special Taxation for Reduction of Capital)

The amended provisions of Article 45 shall apply beginning from the first grant of donation and retirement after this Act enters into force.

Article 9 (Applicability to Special Taxation on Exchange of Stocks, etc. between Enterprises)

The amended provisions of Article 46 shall apply beginning from the first transfer after this Act enters into force.

Article 10 (Applicability to Special Taxation on Reserves for Structural Improvement)

The amended provisions of Article 48 shall apply beginning from the first reserve after this Act enters into force.

Article 11 (Applicability to Special Taxation of Corporate Tax on Association Corporation, etc.)

The amended provisions of Article 72 shall apply beginning from the portion of the business year whereto belongs the date this Act enters into force.

Article 12 (Applicability to Special Taxation for Donations)

The amended provisions of Article 73 shall apply beginning from the portion of the business year whereto belongs the date this Act enters into force.

Article 13 (Applicability to Special Taxation for Investment Trust, etc. of Houses Unsold in Lots)

The amended provisions of Article 91 - 11 shall apply beginning from the first payment given after this Act enters into force.

Article 14 (Applicability to Special Taxation for Investment Trusts, etc. for Exclusive Use of Overseas Koreans)

The amended provisions of Article 91 - 12 shall apply beginning from the first payment given after this Act enters into force.

Article 15 (Applicability to Special Taxation on Capital Gains Tax for Purchasers of Houses Unsold in Lots)

The amended provisions of Article 98 - 3 shall apply beginning from the first transfer made after this Act enters into force.

Article 16 (Applicability to Special Taxation on Capital Gains Tax for Housing Acquisition by Non - Residents)

The amended provisions of Article 98 - 4 shall apply beginning from the first transfer made after this Act enters into force.

Article 17 (Applicability to Special Cases of Taxation on Companies for the Purpose of Capital Expansion)

The amended provisions of Article 104 - 3 shall apply beginning from the first reserve for loss compensation appropriated for deductible expense after this Act enters into force.

Article 18 (Applicability to Special Taxation on Capital Gains Tax following Execution of Industrial Complex Development Projects)

The amended provisions of Article 104 - 20 shall apply beginning from the first transfer made after this Act enters into force.

Article 19 (Applicability to Reduction or Exemption of Individual Consumption Tax for Replacement of Deteriorated motor vehicles)

The amended provisions of Article 109 - 2 shall only apply to motor vehicles carried out from the manufacturing plant or import thereof reported from May 1, 2009 to December 31, 2009.

Article 20 (Applicability to Exemption from Securities Transaction Tax)

The amended provisions of Article 117 shall apply beginning from the first transfer made after this Act enters into force.

Article 21 (Applicability to Reduction or Exemption of Acquisition Tax and Registration Tax for Replacement of Deteriorated motor vehicles)

The amended provisions of Article 120 - 2 shall only apply to motor vehicles acquired and registered from May 1, 2009 to December 31, 2009.

Article 22 (Transitional Measures concerning Reduction or Exemption of Individual Consumption Tax for Replacement of Deteriorated motor vehicles)Notwithstanding Article 19 of Addenda, where business o

ADDENDA <No. 9705, 22. May, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
(Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 9708, 22. May, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
(Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 9763, 09. Jun, 2009 >

Article 1 (Enforcement Date)

This Act shall enter into force nine months after the date of its promulgation.
(Proviso Omitted.)

Articles 2 through 8 Omitted.

ADDENDA <No. 9921, 01. Jan, 2010 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2010: Provided, That the amended provisions of Articles 37, 38, 38 - 2 (2) (applicable only to the amended part of "Article 46 (2) of the Corporate Tax Act"), 46 (4), 47 - 3 (excluding the amended part of "December 31, 2012"), 117 (1) 14, and 119 (1) 7, 10 and 30, and Article 120 (1) 6, 9 and 26, and paragraph (6) 13 of the same Article shall enter into force on July 1, 2010, and the part concerning the repeal of traffic, energy and environment tax among the amended provisions of Articles 111, 111 - 2, 113 and 140 shall enter into force on the date Act No. 9346 repealing the Traffic, Energy and Environment Tax Act enters into force. <Amended by Act No. 10068, Mar. 12, 2010 >

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax among this Act shall apply beginning from the first starting taxable year after this Act enters into force.

(2) The amended provisions concerning value - added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax among this Act shall apply beginning from the first transfer after this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax among this Act shall apply beginning from the first inheritance or donation after this Act enters into force.

(5) The amended provisions concerning individual consumption tax, traffic, energy and environment tax, education tax, and mileage tax among this Act shall apply beginning from the first entry into a specific place, first takeout from factory or bonded area, or first import declaration after this Act enters into force.

(6) The amended provisions concerning stamp tax among this Act shall apply beginning from the tax document that is prepared for the first time after this Act enters into force.

(7) The amended provisions concerning acquisition tax and registration tax among this Act shall apply beginning from the first acquisition or registration after this Act enters into force.

(8) The amended provisions concerning customs duty among this Act shall apply beginning from the first import declaration after this Act enters into force.

Article 3 (Applicability of Tax Credits for Investment by Small or Medium Enterprises)

The amended provisions of Article 5 (1) shall apply beginning from the first investment after this Act enters into force.

Article 4 (Applicability of Special Taxation for Support Projects of Informatization for Small or Medium Enterprises)

The amended provisions of Article 5 - 2 shall apply beginning from the contributions, etc. that are received after this Act enters into force.

Article 5 (Applicability of Reduction of, or Reduction from, Tax for Small or Medium Start - Up Enterprises)

(1) The amended provisions of Article 6 (1) and (2) shall apply beginning from the start - up, designation or certification after this Act enters into force.

(2) The amended provisions of Article 6 (4) shall apply beginning from the first case in which small or medium enterprises fall under the new energy technology small or medium enterprises after this Act enters into force.

Article 6 (Applicability of Tax Credits to Improve Corporate Payment System including Negotiable Instruments)

The amended provisions of Article 7 - 2 shall apply beginning from the payment made in the taxable year to which the date this Act enters into force belongs.

Article 7 (Applicability of Special Cases, etc. of Inclusion in Deductible Expenses for Small or Medium Enterprise Support Facilities)

The amended provisions of Article 8 (1) shall apply beginning from the donation or transfer after this Act enters into force.

Article 8 (Applicability of Special Taxation of Contributions, etc. for Research and Development)

The amended provisions of Article 10 - 2 (1) shall apply beginning from the receipt of contributions, etc. for research and development after this Act enters into force.

Article 9 (Applicability of Tax Credits for Investment in Facilities for Research and Manpower Development)

The amended provisions of Article 11 (1) shall apply beginning from the investment after this Act enters into force.

Article 10 (Applicability of Special Taxation for Acquisition Cost of Technology)

The amended provisions of Article 12 (2) shall apply beginning from the acquisition after this Act enters into force.

Article 11 (Applicability of Reduction of or Exemption from Corporate Tax, etc. for High - Tech Enterprises, etc. Moving to Special Research and Development Zones)

The amended provisions of Article 12 - 2 (1) shall apply beginning from the enterprises that are designated or established after this Act enters into force.

Article 12 (Applicability of Non - Taxation of Gains, etc. from Transfer of Stocks of Small and Medium Start - Up Investment Companies, etc.)

The amended provisions of Article 13 (1) and (3) shall apply beginning from the first transfer of stocks or equity shares or first receipt of dividend income after this Act enters into force.

Article 13 (Applicability of Reduction of or Exemption from Income Tax on Foreign Engineers)

The amended provisions of Article 18 (2) shall apply beginning from the first offer of services after conclusion of a contract for the introduction of technology after this Act enters into force.

Article 14 (Applicability of Exemption from Corporate Tax on Dividend Income from Investment in Overseas Resources Development)

The amended provisions of Article 22 (1) shall apply beginning from the dividend received in the taxable year to which the date this Act enters into force belongs.

Article 15 (Applicability of Tax Credits for Investment, etc. in Productivity Increase Facilities)

The amended provisions of Article 24 (1) and (2) shall apply beginning from the investment or use after this Act enters into force.

Article 16 (Applicability of Tax Credit for Investment, etc. in Safety Facilities)

The amended provisions of Article 25 (1) shall apply beginning from the investment after this Act enters into force.

Article 17 (Applicability of Tax Credits for Investment in Energy - Saving Facilities)

The amended provisions of the main sentence of Article 25 - 2 (1) shall apply beginning from the investment after this Act enters into force.

Article 18 (Applicability of Tax Credits for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25 - 3 (1) shall apply beginning from the investment made in the taxable year to which the date this Act enters into force belongs.

Article 19 (Applicability of Tax Credits for Investment in Facilities to Improve Quality Control of Medical Supplies)

The amended provisions of Article 25 - 4 (1) shall apply beginning from the investment made in the taxable year to which the date this Act enters into force belongs.

Article 20 (Applicability of Separate Taxation on Interest Income from Social Infrastructure Bonds)

The amended provisions of Article 29 shall apply beginning from the first issue after this Act enters into force.

Article 21 (Applicability of Special Taxation for Comprehensive Transfer of Assets)

The amended provisions of Article 37 shall apply beginning from the first transfer after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 22 (Applicability of Special Taxation for Comprehensive Exchange and Transfer of Stocks)

The amended provisions of Article 38 shall apply beginning from the first comprehensive exchange and transfer of stocks after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 23 (Applicability of Special Taxation for Incorporation, etc. of Holding Companies through Investment in kind with Stocks or Stock Swap and Stock Transfer)

The part except for the part other th

Article 24 (Applicability of Special Taxation for Corporate Split for Restructuring of Public Institutions)

(1) The amended provisions of Article 45 - 2 shall apply beginning from the first corporate split after June 1, 2009.

(2) The amended provisions of Article 119 (1) 31 and 32 shall apply beginning from the first registration after June 1, 2009.

Article 25 (Applicability of Special Taxation for Exchange of Stocks, etc. between Enterprises)

The amended provisions of Article 46 (4) shall apply beginning from the first exchange of stocks, etc. after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 26 (Applicability of Special Taxation for Succession to Deficit Carried Forward Following Merger with Venture Businesses)

The part except for the amended part of "December 31, 2012" among the a

Article 27 (Applicability of Tax Credits for Small or Medium Enterprises Relocating to Areas outside Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall apply beginning from the first relocation of factory facilities after this Act enters into force.

Article 28 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Relocation of Factories and Head Offices to Areas Outside of Seoul Metropolitan Area)

The amended provisions of Article 63 - 2 (2) shall apply beginning from the first relocation of factories or head offices after this Act enters into force.

Article 29 (Applicability of Tax Credits for Enterprises, etc. Located in Agro - Industrial Complex)

The amended provisions of Article 64 (1) shall apply beginning from the enterprises relocating to agro - industrial complexes after this Act enters into force.

Article 30 (Applicability of Exemption, etc. from Corporate Tax for Agricultural Partnership Corporations, etc.)

The amended provisions of Article 66 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 31 (Applicability of Exemption, etc. from Corporate Tax for Fishery Partnership Corporations, etc)

The amended provisions of Article 67 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 32 (Applicability of Corporate Tax Exemption, etc. for Incorporated Agricultural Companies)

The amended provisions of Article 68 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 33 (Applicability of Special Taxation for Donations)

(1) The amended provisions of Article 73 (1) 16 and 17 shall apply beginning from the taxable year in which a return is filed for the first time after this Act enters into force.

(2) The amended provisions of Article 73 (4) shall apply beginning from the first disbursement after this Act enters into force.

Article 34 (Applicability of Special Cases of Inclusion of Reserves for Business Proper to Specific Purpose in Deductible Expenses)

The amended provisions of Article 74 (1) shall apply beginning from the business year to which the date this Act enters into force belongs.

Article 35 (Applicability of Special Taxation for Relocation of Factories in Areas Subject to Development Plans of Multifunctional Administrative City and Innovation Cities to Rural Areas)

The amended provisions of Articles 77 and 133 shall apply beginning from the transfer after this Act enters into force.

Article 36 (Applicability of Special Taxation for Relocation of Factories Located in Areas Slated for Administrative Cities and Innovative Cities to Provinces)

The amended provisions of Article 85 - 2 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 37 (Applicability of Special Taxation for Corporate Tax on Investment in Kind, etc. with Land Located in Enterprise City Development Project District, etc.)

The amended provisions of Article 85 - 3 shall apply beginning from the land with which investment in kind is made for the first time or from the stocks acquired for the first time after this Act enters into force.

Article 38 (Applicability of Special Taxation for Corporate Tax on Investment in Kind with Land for Free Economic Zone Development Projects)

The amended provisions of Article 85 - 4 (1) shall apply beginning from the first investment in kind after this Act enters into force.

Article 39 (Applicability of Reduction of or Exemption from Corporate Tax, etc. for Social Enterprises)

The amended provisions of Article 85 - 6 (1) shall apply beginning from the income accrued in the taxable year to which the date this Act enters into force belongs.

Article 40 (Applicability of Special Taxation for Relocation of Factories due to Expropriation, etc. for Public Service Projects)

The amended provisions of Article 85 - 7 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 41 (Applicability of Non - Taxation, etc. for Long - Term Savings, etc. for Purchase of House)

(1) The part concerning subscription savings among the amended provisions of Article 87 (2) shall apply beginning from the payment after January 1, 2010, and the part concerning collective savings for subscription for house shall apply beginning from the payment after May 6, 2009.

(2) The amended provisions of Article 87 (3) and (6) through (10) shall apply beginning from the payment after May 6, 2009.

Article 42 (Applicability of Special Taxation for Green Savings)

The amended provisions of Article 91 - 13 shall apply beginning from the first opening of an account or acquisition after this Act enters into force.

Article 43 (Applicability of Tax Credits for Investment in Facilities for Promotion of Workers' Welfare)

The amended provisions of Article 94 (1) shall apply beginning from the acquisition after this Act enters into force.

Article 44 (Applicability of Special Cases of Extinction of Liability of Small Private Enterprises to Pay Tax for which Disposition of Deficit Was Issued)

The amended provisions of Article 99 - 5 shall apply beginning from the first application after this Act enters into force.

Article 45 Deleted. <by Act No. 11133, Dec. 31, 2011 >

Article 46 (Applicability of Calculation and Allocation of Income, etc. of Partnership Firms)

The amended provisions of Article 100 - 18 (1) shall apply beginning from the taxable year in which a return is filed for the first time after this Act enters into force.

Article 47 (Applicability of Reduction of, or Exemption from, Tax on Income from Forest Development)

The amended provisions of Article 102 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 48 (Applicability of Special Taxation for Tax Paid Indirectly in Foreign Countries)

The amended provisions of Article 104 - 6 (1) shall apply beginning from the first dividend or distribution after this Act enters into force.

Article 49 (Applicability of Tax Credits for Electronic Return)

The amended provisions of Article 104 - 8 (2) and (3) shall apply beginning from the electronic return filed for the first time after this Act enters into force.

Article 50 (Applicability of Inclusion of Reserve Funds for Participation in EXPO 2012 Yeosu Korea in Deductible Expenses)

The amended provisions of Article 104 - 9 shall apply beginning from the inclusion of reserve funds for participation in the deductible expenses after this Act enters into force.

Article 51 (Applicability of Special Taxation for Credit Rehabilitation Services Companies)

The amended provisions of Article 104 - 12 shall apply beginning from the business year in which a return is filed for the first time after this Act enters into force.

Article 52 (Applicability of Tax Credits for Third Party Distribution Expenses)

The amended provisions of Article 104 - 14 shall apply beginning from the business year in which a return is filed for the first time after this Act enters into force.

Article 53 (Applicability of Special Taxation for Investment in Development of Overseas Resources)

The amended provisions of Article 104 - 15 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 54 (Applicability of Special Taxation for Corporate Tax on Consolidation of Korea National Housing Corporation and Korea Land Corporation)

The amended provisions of Article 104 - 21 shall apply beginning from the business year to which the date of incorporation registration under Article 3 (3) of Addenda of the Korea Land and Housing Corporation belongs.

Article 55 (Applicability of Special Cases of Deduction of Input Value - Added Tax on Recycled Waste Resources, etc.)

The amended provisions of Article 108 (1) shall apply beginning from the first acquisition after this Act enters into force.

Article 56 (Applicability of Exemption, etc. from Registration Tax)

(1) The amended provisions of proviso to Article 119 (1) 7 and proviso to subparagraph 10 of the same paragraph shall apply beginning from the portion to which a cause to collect tax on the corporate split or investment in kind as a penalty after the first corporate split or investment in kind after the same provisions enter into force as prescribed in the proviso to Article 1 of Addenda, and the amended provisions of Article 119 (1) 19 shall apply beginning from the portion registered after the Restriction of Special Taxation Act partially amended by Act No. 9272 enters into force. <Amended by Act No. 10068, Mar. 12, 2010>

(2) The amended provisions of Article 119 (3) 3 shall apply to small or medium enterprises for which one year has not passed after such enterprises were certified as a venture business at the time this Act enters into force.

Article 57 (Applicability of Exemption, etc. from Acquisition Tax)

The amended provisions of proviso to Article 120 (1) 6 and proviso to subparagraph 9 of the same paragraph shall apply beginning from the portion to which a cause to collect tax on the corporate split or investment in kind as a penalty after the first corporate split or investment in kind after the same provisions enter into force as

prescribed in the proviso to Article 1 of Addenda. <Amended by Act No. 10068, Mar. 12, 2010>

Article 58 (Applicability of Collection of Reduced or Exempted Tax from Foreign Investment as Penalty)

The amended provisions of Article 121 - 5 shall apply beginning from the cause to collect tax as penalty that occurs for the first time after this Act enters into force.

Article 59 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju High - Tech Science and Technology Complex)

The amended provisions of Article 121 - 8 (8) 1 shall apply beginning from the first enterprise relocating to the Jeju High - Tech Science and Technology Complex after this Act enters into force.

Article 60 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

The amended provisions of Article 121 - 9 (1) shall apply beginning from the first enterprise relocating to the Jeju Investment Promotion Zone or Jeju Free Trade Zone after this Act enters into force.

Article 61 (Applicability of 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 121 - 17 shall apply beginning from the enterprise (as for a development project implementer, the first investment after this Act enters into force) which is incorporated for the first time after this Act enters into force, or of which a place of business is established for the first time after this Act enters into force.

Article 62 (Applicability of Collection, etc. of Reduced Tax, Exempted Tax, etc. as Supplement)

The amended provisions of Article 121 - 19 shall apply beginning from the enterprise (as for a development project implementer, the first investment after this Act enters into force) which is incorporated for the first time after this Act enters into force or of which a place of business is established for the first time after this Act enters into force.

Article 63 (Applicability of Tax Credits for Increase, etc. in Revenue)

The amended provisions of Article 122 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 64 (Applicability of Deduction of Medical Expenses, etc. for Faithful Business Operators)

The amended provisions of Article 122 - 3 (1) 4 shall apply beginning from the final tax base return filed for the first time after this Act enters into force.

Article 65 (Applicability of Income Deduction for Amount Spent on Credit Cards, etc.)

The amended provisions of Article 126 - 2 shall apply beginning from the calculation of total annual amount spent on credit cards, etc. to which the date this Act enters into force belongs.

Article 66 (Applicability of Special Cases of Input Tax Deduction Based on Purchaser - Issued Tax Invoices)

The amended provisions of Article 126 - 4 (1) shall apply beginning from the portion for which suppliers are to deliver a tax invoice for the first time as prescribed in Article 16 of the Value - Added Tax Act after this Act enters into force.

Article 67 (Applicability of Transitional Measures concerning Special Taxation for Capital Gains Tax on Acquisitors of Newly Built Houses)

The amended provisions of Article 29 of Addenda of Act No. 6762, the partially amended Restriction of Special Taxation Act shall apply beginning from the return, determination or correction after this Act enters into force.

Article 68 (Special Cases concerning Exclusion from Reduction of, or Exemption from, etc. Tax short of Minimum Tax)

When the amount of preliminary tax under Article 63 (1) of the Corporate Tax Act for the business year beginning after January 1, 2010 is calculated, the amount of minimum tax for the business year immediately before the relevant business year shall be calculated by applying the amended provisions of Article 132 (1). In such cases, an amount calculated by applying the amended provisions of Article 132 (1) shall be the amount of reduced or exempted tax under Article 63 (1) 1 of the Corporate Tax Act.

Article 69 (Transitional Measures concerning Tax Credits for Research and Manpower Development Expenses)

The research and manpower development expenses occurred in the taxable year to which the date immediately before the date this Act enters into force belongs shall be governed by former provisions notwithstanding the amended provisions of Article 10.

Article 70 (Transitional Measures concerning Exemption from Income Tax for Foreign Engineers)

The foreign engineers who offer services in Korea for the first time or in accordance with a contract of introducing technology reported before this Act enters into force shall be governed by former provisions notwithstanding the amended provisions of Article 18.

Article 71 (Transitional Measures concerning Reduction of, or Exemption from Tax for Small or Medium Enterprises Relocating to Areas outside Overconcentration Control Region of Seoul Metropolitan Area)

The small or medium enterprises that have relocated to an area outside the Overconcentration Control Region of the Seoul Metropolitan area shall be governed by former provisions notwithstanding the amended provisions of Article 63 (1).

Article 72 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. where Factory or Head Office of Corporations Are Relocated to Areas outside Seoul Metropolitan Area)

The corporations that have relocated factory or head office to a place outside the Overconcentration Control Zone of the Seoul Metropolitan area shall be governed by former provisions notwithstanding the amended provisions of Article 63 - 2 (2).

Article 73 (Transitional Measures concerning Non - Taxation, etc. for Long - Term Savings, etc. for Purchase of House)

(1) The amount deposited in the subscription savings and house - purchasing savings for workers under the Act on the Assistance to Residential Stability and Lump Sum - Raising Savings of Workers which was repealed pursuant to Article 2 of the Addenda to the Korea Housing Finance Corporation Act (Act No. 7030) no later than December 31, 2009 shall be governed by former provisions notwithstanding the amended provisions of Article 87 (2). <Amended by Act No. 10406, Dec. 27, 2010>

(2) The amount deposited in the long - term savings for purchase of house no later than December 31, 2009 by a person who has opened an account of such savings as prescribed in the former Article 87 (1) shall be governed by former provisions, notwithstanding the amended provisions of Article 87 (2) and (6), and the amount deposited by only those whose total wage during the relevant taxable year is 88 million won or lower in the relevant savings between January 1, 2010 and December 31, 2012 shall be governed by former provisions.

Article 74 (Transitional Measures concerning Special Taxation for Collective Investment Schemes, etc.)

(1) The investment companies and private equity funds under the former Indirect Investment Asset Management Act (referring to the one before having been repealed as prescribed by Act No. 8635) shall be governed by former provisions, notwithstanding the amended provisions of Article 91 - 2.

(2) The profit or loss occurred before this Act enters into force, which is profit or loss from the sale or appraisal of stocks issued and traded in a foreign country shall be governed by former provisions, notwithstanding the amended provisions of Article 91 - 2 (2).

(3) The loss from sale or appraisal of stocks not included in the amount of dividend income from collective investment schemes, etc. as prescribed in the former Article 91 - 2 (2) shall be subtracted from the amount of dividend income from the collective investment schemes, etc. up to the amount of profit (applicable only to the profit included in the amount of dividend income received from collective investment schemes, etc.) accrued between January 1, 2010 and December 31, 2013. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11133, Dec. 31, 2011; Act No. 11614, Jan. 1, 2013; Act No. 12173, Jan. 1, 2014 >

Article 75 (Transitional Measures concerning Special Cases of Deduction of Input Value - Added Tax on Recycled Waste Resources, etc.)

Used motor vehicles acquired before this Act enters into force shall be governed by former provisions, notwithstanding the amended provisions of Article 108 (1).

Article 76 (Transitional Measures concerning Exemption, etc. from Registration Tax and Acquisition Tax)

The former provisions shall apply to the reduction of, or exemption from, registration tax and acquisition tax on real estate acquired by not later than December 31, 2016 by a project financing company established and registered before this Act enters into forces, notwithstanding the amended provisions of Articles 119 (6) 3 and 120 (4) 3. <Amended by Act No. 12853, Dec. 23, 2014 >

Article 77 (Transitional Measures concerning Repeal of Exemption from Tax on Price of Technology Introduction)

The price of technology introduction paid in accordance with the first contract on technology introduction which stipulates the payment of price of technology

introduction before this Act enters into force shall be governed by former provisions, notwithstanding the amended provisions of Article 121 - 6.

Article 78 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Start - Up Enterprises, etc. Located in Enterprise City Development Zones, etc.)

Where an enterprise moves in an enterprise city development zone (limited to an enterprise city development project selected as the model project under Article 2 of the Addenda to the Special Act on the Development of Enterprise Cities (Act No. 7310); hereafter the same shall apply in this Article) by not later than December 31, 2012 or an enterprise that has signed a move - in agreement or memorandum of understanding to move in such zone by the end of 2013 (limited to an enterprise in Seoul Metropolitan area, if a move - in agreement or memorandum is signed in 2013) moves in the enterprise city development zone by not later than December 31, 2015, the tax reduction or exemption shall be granted under the former provisions, notwithstanding the amended provisions of Article 121 - 17. <Amended by Act No. 10406, Dec. 27, 2010; Act No. 11614, Jan. 1, 2013; Act No. 12853, Dec. 23, 2014> [This Article Wholly Amended by Act No. 10285, May 14, 2010]

ADDENDA <No. 9924, 01. Jan, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2010.

Articles 2 through 7 Omitted.

ADDENDA <No. 10068, 12. Mar, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 119 (1) 10 and 120 (1) 9 shall enter into force on July 1, 2010.

Article 2 (Applicability to Special Taxation for Employment of Long - Term Unemployed Persons in Small or Medium Enterprises)

The amended provisions of Article 30 shall apply beginning from the first income received after being employed after this Act enters into force.

Article 3 (Applicability to Tax Credit for Increase in Employment)

The amended provisions of Article 30 - 4 shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 4 (Applicability to Repeal of Special Cases of Inclusion of Depreciation Expenses in Deductible Expenses)

The fixed asset being governed by the former Article 30 as at the time this Act enters into force shall be governed by the former provisions until the depreciation of the relevant fixed asset completes.

Article 5 (Applicability to Special Taxation for Donations)

The amended provisions of Article 73 (1) shall apply beginning from the first disbursement after this Act enter into force.

Article 6 (Applicability to Exemption, etc. from Value - Added Tax)

The amended provisions of Article 106 (2) shall apply beginning from the first import declaration after this Act enter into force.

Article 7 (Applicability to Exemption from Stamp Tax)

The amended provisions of Article 116 shall apply beginning from the first tax document prepared after this Act enter into force.

Article 8 (Applicability to Mitigation of Customs Duty)

The amended provisions of Article 118 (1) shall apply beginning from the first import declaration after this Act enter into force.

ADDENDA <No. 10220, 31. Mar, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 104 Omitted.

ADDENDA <No. 10221, 31. Mar, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 8 Omitted.

ADDENDA <No. 10285, 14. May, 2010 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Taxation for Capital Gains Tax on Acquisitors of Houses Unsold in Lots Located in Areas outside Seoul Metropolitan Area)

The amended provisions of Article 98 - 5 shall apply beginning from the first contract after this Act enter into force.

Article 3 (Applicability to Special Taxation for Corporate Tax on Consolidation of Korea National Housing Corporation and Korea Land Corporation)

The amended provisions of Article 104 - 21 (3) shall apply beginning from the business year to which the date of establishment registration under Article 3 (3) of Addenda of Act No. 9706, the Korea Land and Housing Corporation Act belongs.

Article 4 (Applicability to Mitigation of Value - Added Tax for General Taxicab Business Operators)

The amended provisions of Article 106 - 7 shall apply beginning from the mitigation for the taxable period to which July 1, 2010 belongs.

Article 5 (Applicability to Exemption from Individual Consumption Tax on Taxi Fuels)

The amended provisions of Article 111 - 3 shall apply beginning from the portion that is supplied after May 1, 2010.

Article 6 (Applicability to Reduction of or Exemption from Corporate Tax, etc. on Enterprises, etc. Founded in Financial Hubs)

The amended provisions of Article 121 - 21 shall apply beginning from the first founding of a company or establishment of places of business after this Act enter into force.

ADDENDA <No. 10310, 25. May, 2010 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the promulgation of this Act.
(Proviso Omitted.)

Articles 2 through 14 Omitted.

ADDENDA <No. 10339, 04. Jun, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of promulgation. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <No. 10361, 08. Jun, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the promulgation of this Act.
(Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 10406, 27. Dec, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011: Provided, That the amended provisions of Articles 104 - 23 shall enter into force on the date of promulgation, the amended provisions of Article 18 - 2 (4) and (5) shall enter into force on April 1, 2011, and the amended provisions of Articles 73 (excluding the amended provisions of paragraph (1) 14). 88 - 4 (13), 104 - 16 (4) 2 and 129 (1) shall enter into force on July 1, 2011, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and corporate tax among this Act shall apply beginning from the taxable year that begins for the first time after this Act enters into force.

(2) The amended provisions concerning the value - added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions concerning the capital gains tax among this Act shall apply beginning from the first transfer after this Act enters into force.

(4) The amended provisions concerning the inheritance tax and gift tax among this Act shall apply beginning from the first inheritance or donation after this Act enters into force.

(5) The amended provisions concerning the individual consumption tax, traffic, energy and environment tax and education tax among this Act shall apply beginning from the first sale of taxable goods in the place of sale, the first takeout or import declaration thereof from a factory or bonded area, or the first entry into a specific place after this Act enters into force.

(6) The amended provisions concerning the acquisition tax and registration and license tax among this Act shall apply beginning from the first acquisition or registration after this Act enters into force.

(7) The amended provisions concerning customs duty among this Act shall apply beginning from the first import declaration after this Act enters into force.

(8) The amended provisions concerning the property tax, local resource and facility tax and gross real estate tax among this Act shall apply beginning from the first - constituted tax liability after this Act enters into force.

(9) The amended provisions concerning stamp tax among this Act shall apply beginning from the first - prepared tax document after this Act enters into force.

Article 3 (Applicability of Tax Reductions or Exemptions for Small or Medium Start - Up Enterprises)

The amended provisions of Article 6 (3) 19 and subparagraph 23 through 26 shall apply beginning from the first start - up, designation or certification after this Act enters into force.

Article 4 (Applicability of Tax Credits to Improve Corporate Payment System including Negotiable Instruments)

The amended provisions of Article 7 - 2 (1) shall apply beginning from the first payment after this Act enters into force belongs.

Article 5 (Applicability of Exclusion from Gross Income of Income Dividend Received from Small or Medium Enterprises in Collaborative Cooperation)

The amended provisions of Article 8 - 2 shall apply beginning from the income dividend that is received through the first investment after this Act enters into force.

Article 6 (Applicability of Tax Credits when Making Contributions to Funds for Collaborative Cooperation between Large Enterprises and Small or Medium Enterprises)

The amended provisions of Article 8 - 3 shall apply beginning from the first contributions after this Act enters into force.

Article 7 (Applicability of Tax Credits for Research and Human Resources Development Expenses)

The amended provisions of Article 10 (1) 3 (b) shall apply beginning from the research and human resources development expenses incurred by the first enterprise which becomes no longer a small or medium enterprise after this Act enters into force.

Article 8 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for High - Tech Enterprises, etc. Moving to Special Research and Development Zones)

The amended provisions of Article 12 - 2 (1), and (3) through (6) shall apply beginning from the first enterprise which moves in a special research and development zone after this Act enters into force.

Article 9 (Applicability of Income Deduction for Contributions, etc. to Small and Medium Business Start - Up Investment Cooperatives)

The amended provisions of Article 16 shall apply beginning from the first contribution of investment after this Act enters into force.

Article 10 (Applicability of Special Taxation for Foreign Workers)

The amended provisions of Article 18 - 2 (4) and (5) shall apply beginning from the first - paid income after the amended provisions of Article 18 - 2 (4) and (5) under the proviso to Article 1 of the Addenda enter into force.

Article 11 (Applicability of Tax Credits for Investment in Energy - Saving Facilities)

The amended provisions of the main sentence of Article 25 - 2 (1) shall apply beginning from the first investment after this Act enters into force.

Article 12 (Applicability of Tax Credits for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25 - 3 (1) shall apply beginning from the first investment after this Act enters into force.

Article 13 (Applicability of Tax Credits for Investment in Facilities to Improve Quality Control of Medical Supplies)

The amended provisions of Article 25 - 4 (1) shall apply beginning from the first investment after this Act enters into force.

Article 14 (Applicability of Tax Credits for Employment - Creating Investment)

(1) The amended provisions of Article 26 shall apply beginning from the first investment after this Act enters into force.

(2) Both tax credit for temporary investment under the former Article 26 and tax credit for employment - creating investment under the amended provisions of Article 26 may apply to any investment made by December 31, 2011. In such cases, "the rate prescribed by Presidential Decree not exceeding 10/100" in the former Article 26 (1) shall be construed as "4/100 (5/100 for investment made outside the Seoul Metropolitan Area and investment made by a small or medium enterprise outside the overconcentration control region of the Seoul Metropolitan Area) of the amount".

(3) Tax credit for temporary investment under paragraph (2) in applying the provisions concerning special taxation for corporate tax on partnership corporations, etc. under Article 72, elimination of overlapping support under Article 217, exclusion from reduction and exemption in case of estimated taxation, etc. under Article 128, exclusion from reduction of or exemption from tax, etc. short of minimum tax under Article 132, tax credit carried - forward under Article 144, and additional collection of reduced or exempted tax amounts under Article 146 shall be deemed tax credit under the amended provisions of Article 26: Provided, That both tax credit for temporary investment under paragraph (2) and tax credit for increase in employment under Article 30 - 4 may be applied in the same taxable year.

Article 15 (Applicability of Special Taxation for Enterprises under Trade Adjustment Assistance whose Business is Converted)

The amended provisions of Article 33 (1) shall apply beginning from the first trade adjustment after this Act enters into force.

Article 16 (Applicability of Special Taxation for Sale of Assets for Redemption of Financial Liabilities of Enterprises)

The amended provisions of Article 34 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 17 (Applicability of Succession to Tax Reductions or Exemptions and Tax Credits in Cases of Comprehensive Transfer of Assets)

The amended provisions of Article 37 (4) through (6) shall apply beginning from the transfer after this Act enters into force.

Article 18 (Applicability of Special Taxation for Incorporation, etc. of Holding Companies through Investment In Kind, etc. with Stocks)

(1) The amended provisions of Article 38 - 2 (1), (2), (5), and (6) shall apply beginning from the first investment in kind or the first exchange of the relevant stocks with treasury stocks after this Act enters into force. <Amended by Act No. 13560, Dec. 15, 2015>

(2) The amended provisions of Article 38 - 2 (3) shall also apply where an investment in kind was made in relevant stocks or relevant stocks were exchanged with treasury stocks before this Act enters into force. <Newly Inserted by Act No. 13560, Dec. 15, 2015>

Article 19 (Applicability of Special Taxation for Takeover or Payment of Liabilities)

The amended provisions of Article 39 (1) 1 and 2 shall apply beginning from the first takeover or payment of liabilities after this Act enters into force belongs.

Article 20 (Applicability of Special Taxation on Corporate Tax, etc. Following Assets Transfer by Stockholders, etc.)

The amended provisions of Article 40 (1) and (3) shall apply beginning from the first - received donation or first transfer after this Act enters into force.

Article 21 (Applicability of Special Taxation for Reduction of Capitals)

The amended provisions of Article 45 (1) shall apply beginning from the retirement of the first - received stocks transfer after this Act enters into force.

Article 22 (Applicability of Special Taxation for Exchange of Stocks, etc. between Enterprises)

The amended provisions of Article 46 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 23 (Applicability of Special Taxation for Transfer of Redundant Assets as Result of Merger)

The amended provisions of Article 47 - 4 (1) shall apply beginning from the first merger after this Act enters into force.

Article 24 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Relocation of Factories and Head Offices to Areas Outside Seoul Metropolitan Area)

The amended provisions of Article 63 - 2 (2) 2 (a) shall apply beginning from the enterprise that relocates its factory of head office for the first time after this Act enters into force.

Article 25 (Applicability of Reduction of, or Exemption from, Capital Gains Tax on Land, etc. for Public Service Projects)

The amended provisions of Article 77 (2), (3), (5) and (9) (limited to the amended part of "paragraphs (1) and (2) ") shall apply beginning from the first transfer to be made in the taxable period in which the date on which this Act is promulgated falls.

Article 26 (Applicability of Corporate Tax, etc. Reduction for Social Enterprises and Standard Workplace for Disabled Persons)

(1) The amended provisions of Article 85 - 6 (1) shall apply beginning from the first - certified social enterprise after this Act enters into force.

(2) The amended provisions of Article 85 - 6 (2) and (4) through (6) shall apply beginning from the taxable year in which the date on which this Act enters into force falls. In such cases, the amended provisions of Article 85 - 6 (2) and (4) through (6) shall apply to a standard workplace for disabled persons which is certified before this Act enters into force by deeming that such certification is granted on January 1, 2011.

Article 27 (Applicability of Income Deductions, etc. for Annuity Savings)

The amended provisions of Article 86 - 2 (1) and (5) shall apply beginning from the first payment after this Act enters into force.

Article 28 (Applicability of Special Taxation for Stockholders of Ship Investment Companies)

The amended provisions of Article 87 - 5 (2) shall apply beginning from the first - received dividend income after this Act enters into force.

Article 29 (Applicability of Special Taxation on Dividend Income of Stocks of Infrastructure Investment and Lending Company)

The amended provisions of Article 91 - 4 (1) shall apply beginning from the first - received divided income after this Act enters into force.

Article 30 (Applicability of Tax Credits for Investment in Facilities for Promotion of Workers' Welfare)

(1) The amended provisions concerning facilities referred to in subparagraph 1 or 2 which are unsold housing prescribed by Presidential Decree in areas outside the

Seoul Metropolitan area among the amended provisions of the part other than each subparagraph of Article 94 (1) shall apply beginning from the first acquisition after this Act enters into force, and the amended provisions concerning facilities referred to in subparagraph 3 shall apply beginning from the taxable year in which the first return is filed after this Act enters into force.

(2) The amended provisions of Article 94 (1) 5 shall apply beginning from the first acquisition after the Act enters into force.

Article 31 (Applicability of Reporting on Details of Calculation and Allocation of Income of Partnership Firms)

The amended provisions of Article 100 - 23 (3) shall apply beginning from the taxable year in which the first return is filed after this Act enters into force.

Article 32 (Applicability of Special Taxation for Urban Improvement Work Association)

The amended provisions of Article 104 - 7 (2) shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 33 (Applicability of Tax Credit for Third Party Distribution Expense)

The amended provisions of Article 104 - 14 (1) shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 34 (Applicability of Special Taxation for Investment in Development of Overseas Resources)

The amended provisions of Article 104 - 15 (1) shall apply beginning from the first investment or contribution after this Act enters into force belongs.

Article 35 (Applicability of Special Taxation for Financial Soundness of Universities)

(1) The amended provisions of Article 104 - 16 (1) shall apply beginning from the first transfer after this Act enters into force.

(2) The amended provisions of the part other than each subparagraph of Article 104 - 16 (4) shall apply beginning from the first contribution after this Act enters into force.

Article 36 (Applicability of Special Taxation for Establishment and Operation of Corporate Sport Teams)

The amended provisions of Article 104 - 22 shall apply beginning from the first - established corporate sport team in the business year in which December 31, 2010 falls.

Article 37 (Applicability of Exclusion of Transferred Amount to Bad Debt Allowances from Gross Incomes in Cases of Domestic Corporations Subject to Application of International Accounting Standards, e

The amended provisions of Article 104 - 23 shall apply beginning from the business year in which the amended provisions of Article 104 - 23 under the proviso to Article 1 of the Addenda enters into force falls.

Article 38 (Applicability of Tax Reductions or Exemptions for Overseas Korean Enterprises on their Return to Korea)

The amended provisions of Article 104 - 24 shall apply beginning from the first - established business or place of business in the Republic of Korea after this Act enters into force.

Article 39 (Applicability of Reduction of, or Exemption, etc. from, Value - Added Tax, etc. on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships)

The amended provisions of Article 106 - 2 (10) shall apply beginning from tax - free oil to be used for purposes other than agricultural, forestry and fisheries purpose for the first time after this Act enters into force belongs.

Article 40 (Applicability of Reduction of, or Exemption from, Individual Consumption Tax, etc. on Taxi Fuel)

The amended provisions of Article 111 - 3 shall apply beginning from the first provision after this Act enters into force.

Article 41 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Foreigner's Investment)

The amended provisions of Article 121 - 2 (14) through (17) shall apply beginning from the first application for tax reduction or exemption to be filed after this Act enters into force.

Article 42 (Applicability of Tax Reductions or Exemptions for Capital Increase)

The amended provisions of Article 121 - 4 (5) shall apply beginning from the capital increase for which an application for tax reduction or exemption is filed for the first time after this Act enters into force.

Article 43 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju High - Tech Science and Technology Complex)

The amended provisions of Article 121 - 8 (2) through (5) shall apply beginning from the first enterprise that moves in the Jeju high - tech science and technology complex after this Act enters into force.

Article 44 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

The amended provisions of Article 121 - 9 (1) and (4) through (7) shall apply beginning from the first enterprise that moves in the Jeju investment promotion zone or Jeju free trade zone after this Act enters into force.

Article 45 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Start - up Enterprises, etc. Located in Enterprise City Development Zones, etc.)

The amended provisions of Article 121 - 17 (1), and (4) through (8) shall apply beginning from the first enterprise that establishes its business or opens its place of business in an enterprise city development zone after this Act enters into force.

Article 46 (Applicability of Reduction of, or Exemption, etc. from, Corporate Tax, etc. on Enterprises Moving into Investment Promotion Zone for Asian Cultural Hub City)

The amended provisions of Article 121 - 20 (1), and (4) through (7) shall apply beginning from the first enterprise that moves in the investment promotion zone for Asian Cultural Hub City after this Act enters into force.

Article 47 (Applicability of Reduction of, or Exemption, etc. from, Corporate Tax, etc. on Enterprises, etc. Founded in Financial Hubs)

The amended provisions of Article 121 - 21 (1), and (4) through (7) shall apply beginning from the first enterprise that establishes its business or opens its place of business in a financial hub after this Act enters into force.

Article 48 (Applicability of Exclusion, etc. from Reduction of, or Exemption from, Capital Gains Tax)

The amended provisions of Article 129 (1) shall apply beginning from the first trade contract to be executed after the amended provisions of Article 129 (1) under the proviso to Article 1 of the Addenda enters into force.

Article 49 (Applicability of Composite Ceiling on Reduction or Exemption of Capital Gains Tax and Gift Tax)

In the application of the amended provisions of Article 133 (1) 2, the amount of tax reduced or exempted under Article 77 (limited to case where the reduction or exemption rates of 20/100 and 25/100 are applied) before this Act enters into force

shall not be added up.

Article 50 (Special Cases concerning Reduction of, or Exemption from, Individual Consumption Tax, etc. on Taxi Fuel)

Where a private taxicab business operator supplied with butane under Article 111 - 3 (1) is a simplified taxable person referred to in Article 25 (1) of the Value - Added Tax Act, the value - added tax obtained by applying the tax rates under Article 1 (7) of the Individual Consumption Tax Act and Article 2 - 2 of the Enforcement Decree of the said Act, and the education tax rates thereunder shall be exempted.

Article 51 (Special Cases concerning Exclusion from Reduction of, or Exemption from, etc. Tax Short of Minimum Tax)

Where the amount of interim prepaid tax under Article 63 (1) of the Corporate Tax Act for the business year beginning after January 1, 2011 is calculated, the amount of the minimum tax for the business year immediately before the relevant business year shall be calculated by applying the amended provisions of Article 132 (1). In such cases, an amount calculated by applying the amended provisions of Article 132 (1) shall be the amount of reduced or exempted tax under Article 63 (1) 1 of the Corporate Tax Act.

Article 52 (General Transitional Measures)

Local taxes imposed, reduced or exempted or to be imposed, reduced or exempted under the former provisions as at the time this Act enters into force shall be governed by the former provisions.

Article 53 (Transitional Measures concerning Tax Credits for Research and Human Resources Development Expenses)

Research and human resources development expenses of an enterprise which becomes no longer a small or medium enterprise for the first time before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 10 (1) 3 (b).

Article 54 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for High - Tech Enterprises, etc. Moving to Special Research and Development Zones)

Any enterprise that has moved in the special research and development zone before this Act enters into force and any enterprise that has moved in the special research and development zone by December 31, 2012 after having signed a move - in

agreement or memorandum of understanding to move in the special research and development zone before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 12 - 2 (1), and (3) through (6). <Amended by Act No. 11133, Dec. 31, 2011 >

Article 55 (Transitional Measures concerning Succession to Tax Reductions or Exemptions and Tax Credits in Cases of Comprehensive Transfer of Assets)

The comprehensive transfer of assets made before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 37 (4) through (6).

Article 56 (Transitional Measures concerning Special Taxation for Incorporation, etc. of Holding Companies through Investment In Kind, etc. with Stocks)

(1) The former provisions shall apply to investment in kind or an exchange of treasury stocks made before this Act enters into force, notwithstanding the amended provisions of Article 38 - 2 (1), (2) (5) and (6); where an application for authorization to incorporate a financial holding company pursuant to Article 3 of the Financial Holding Companies Act was filed as of December 31, 2010, the requirements referred to in Article 38 (1) 1 and 2 are deemed satisfied and paragraph (2) 2 of the same Article shall not apply. <Amended by Act No. 10631, May 19, 2011; Amended by Act No. 13560, Dec. 15, 2015 >

(2) Notwithstanding paragraph (1), the former Article 38 - 2 (3) 4 shall only apply where the largest stockholder has taken office as an executive of the subsidiary before this Act enters into force.

Article 57 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Relocation of Factories and Head Offices to Areas Outside Seoul Metropolitan Area)

Any enterprise relocated to areas outside the Seoul Metropolitan Area before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 63 - 2 (2) 2 (a).

Article 58 (Transitional Measures concerning Repeal of Special Taxation on Donations)

Contributions made before the amended provisions of Article 73 (excluding the amended provisions of paragraph (1) 14) under the proviso to Article 1 of the Addenda, Articles 88 - 4 (13) and 104 - 16 (4) 2 shall be governed by the former provisions, notwithstanding the amended provisions of the said provisions.

Article 59 (Transitional Measures concerning Reduction of, or Exemption, etc. from, Value - Added Tax, etc. on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships) Tax - fr

Article 60 (Transitional Measures concerning Reduction of, or Exemption, etc. from, Individual Consumption Tax, Traffic, Energy and Environment Tax and Education Tax)
An individual consumption tax, traffic, energy and environment tax and education tax exempted or to be exempted under the former Articles 111 (2) and 111 - 3 (1) as at the time this Act enters into force shall be governed by the former provisions.

Article 61 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Foreigner's Investment)

Any foreigner's investment for which tax reduction or exemption is filed before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 2 (14) through (17).

Article 62 (Transitional Measures concerning Tax Reductions or Exemptions for Capital Increase)

Any capital increase for which tax reduction or exemption is filed before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 4 (5).

Article 63 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju High - Tech Science and Technology Complex)

Any enterprise that has moved in the Jeju high - tech science and technology complex before this Act enters into force and any enterprise that has moved in the Jeju high - tech science and technology complex by December 31, 2012 after having signed a move - in agreement or memorandum of understanding to move in the Jeju high - tech science and technology complex before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 8 (2) through (5). <Amended by Act No. 11133, Dec. 31, 2011 >

Article 64 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Enterprises Located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

Any enterprise that has moved in the Jeju investment promotion zone or Jeju Free Trade Zone before this Act enters into force and any enterprise that has moved in

the Jeju investment promotion zone or Jeju Free Trade Zone by December 31, 2012 after having signed a move - in agreement or memorandum of understanding to move in the Jeju investment promotion zone or Jeju Free Trade Zone before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 9 (1), and (4) through (7). <Amended by Act No. 11133, Dec. 31, 2011 >

Article 65 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Start - Up Enterprises, etc. Located in Enterprise City Development Zones, etc.)

Any enterprise that has moved in, established its business or opened its place of business in an enterprise city development zone, and an enterprise that moves in an enterprise city development zone by December 31, 2012 after having signed a move - in agreement or memorandum of understanding to move in such enterprise city development zone before January 1, 2010 under Article 78 of the Addenda to the Restriction of Special Taxation Act (Act No. 9921) before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 17 (1), and (4) through (8).

Article 66 (Transitional Measures concerning Reduction of, or Exemption, etc. from, Corporate Tax, etc. on Enterprises Moving into Investment Promotion Zone for Asian Cultural Hub City)

Any enterprise that has moved in the investment promotion zone for Asian Cultural Hub City before this Act enters into force and any enterprise that has moved in the investment promotion zone for Asian Cultural Hub City by December 31, 2012 after having signed a move - in agreement or memorandum of understanding to move in the investment promotion zone for Asian Cultural Hub City before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 20 (1), and (4) through (7). <Amended by Act No. 11133, Dec. 31, 2011 >

Article 67 (Transitional Measures concerning Reduction of, or Exemption, etc. from, Corporate Tax, etc. on Enterprises, etc. Founded in Financial Hubs)

Any enterprise that has established its business or opened its place of business in a financial hub before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121 - 21 (1) and (4)

through (7).

ADDENDA <No. 10445, 09. Mar, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 10529, 04. Apr, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force four months after the date of its promulgation.

(Proviso Omitted.)

Articles 2 through 17 Omitted.

ADDENDA <No. 10596, 14. Apr, 2011 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

ADDENDA <No. 10631, 19. May, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 122 - 3 (1) and 126 - 6 shall enter into force on August 3, 2011.

Article 2 (Applicability to Special Taxation for Comprehensive Exchange and Transfer of Stocks)

The amended provisions of Article 38 shall apply beginning from the first comprehensive exchange and transfer of stocks to be made in the taxable year in which the enforcement date of this Act is included.

Article 3 (Applicability to Special Taxation for Real Estate Fund, etc.)

The amended provisions of Article 87 - 6 shall apply beginning from the first dividend income paid after this Act enters into force.

Article 4 (Applicability to Special Taxation for Unsold Houses after Completion)

The amended provisions of Article 98 - 6 shall apply beginning from the first transferred house which is an unsold house after completion as of March 29, 2011.

Article 5 (Applicability to Reduction of or Exemption from Value - Added Tax, etc. on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships)

The amended provisions of Article 106 - 2 (2) shall apply beginning from the first petroleum products which are supplied or the import declaration of which is filed during the taxable period in which the enforcement date of this Act falls.

Article 6 (Applicability to Exemption, etc. from Registration and License Tax)

The amended provisions of Article 119 (1) 6 shall apply beginning from the registration filed in the business year in which the enforcement date of this Act is included.

Article 7 (Applicability to Exemption, etc. from Acquisition Tax)

The amended provisions of Article 120 (1) and (4) shall apply beginning from the first acquisition made after January 1, 2011.

Article 8 (Applicability to Deduction of Medical Expenses, etc. for Faithful Business Operators)

The amended provisions of Article 122 - 3 (1) shall apply beginning from the final return of the tax base for the taxable year in which the enforcement date of this Act is included.

Article 9 (Applicability to Tax Deduction for Expenses Incurred in Verifying Faithful Reporting)

The amended provisions of Article 126 - 6 shall apply beginning from a written verification of the faithful reporting submitted for the taxable year in which the enforcement date of this Act is included.

ADDENDA <No. 10653, 19. May, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force one month after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <No. 10682, 19. May, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 10684, 19. May, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <No. 10764, 30. May, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 10789, 07. Jun, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <No. 10854, 14. Jul, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 and 3 Omitted.

ADDENDA <No. 10890, 21. Jul, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 10901, 25. Jul, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Taxation for Self - Managed Real Estate Investment Companies)

The amended provisions of Article 55 - 2 (5) through (7) shall apply beginning from the first newly built housing units or first purchased housing units that have never been occupied by any tenants at the time of acquisition after this Act enters into force.

Article 3 (Applicability to Reduction of or Exemption from Capital Gains Tax on Site for Livestock Stables)

The amended provisions of Article 69 - 2 shall apply beginning from the first transfer after this Act enters into force.

ADDENDA <No. 10907, 25. Jul, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 11133, 31. Dec, 2011 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2012: Provided, That the amended provisions of Article 87 (2) and (6), 100 - 3 (excluding the proviso to paragraph (1) 2 and item (b) of the same subparagraph) through 100 - 6, 100 - 9, 100 - 13, 104 - 23

and Article 45 of the Addenda to the Restriction of Special Taxation Act (Act No. 9921) shall enter into force on the date of their promulgation. The amended provisions of Article 116 (1) 5 and 121 - 23 shall enter into force on March 2, 2012; the amended provisions of Articles 100 - 15 (1) and 147 on April 15, 2012, and the amended provisions of Article 105 (1) 2 on January 1, 2013, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax among this Act shall apply to the first starting taxable year after this Act enters into force.

(2) The amended provisions concerning value - added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax among this Act shall apply beginning from the first transfer after this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax among this Act shall apply beginning from the first inheritance or donation after this Act enters into force.

(5) The amended provisions concerning individual consumption tax, traffic, energy and environment tax, and education tax among this Act shall apply beginning from the first takeout from factory or bonded area after this Act enters into force.

(6) The amended provisions concerning stamp tax among this Act shall apply beginning from the tax document that is prepared for the first time after this Act enters into force.

(7) The amended provisions concerning customs duty among this Act shall apply beginning from the first import declaration after this Act enters into force

Article 3 (Applicability to Special Tax Amount Reduction on Small or Medium Enterprise)

The amended provisions of Article 7 (1) shall apply beginning from the taxable year to which January 1, 2012 belongs.

Article 4 (Applicability to Tax Credit when Making Contributions to Funds for Collaborative Cooperation between Large Enterprises and Small or Medium Enterprises)

The amended provisions of Article 8 - 3 (1) 2 shall apply beginning from the contributions made after January 1, 2012.

Article 5 (Applicability to Inclusion of Reserves for Research and Human Resources Development in Deductible Expenses)

The amended provisions of Article 9 (5) shall apply beginning from the taxable year to which January 1, 2012 belongs.

Article 6 (Applicability to Non - Taxation of Gains, etc. from Transfer of Stocks of Small and Medium Business Start - Up Investment Companies, etc.)

The portion concerning a company specializing in the start - up of new technology - based businesses from among the amended provisions from Article 13 (1) through (3) shall apply beginning from the first contribution made after January 1, 2012 and the portion concerning an agriculture and food investment association shall apply beginning from the first transfer of stocks or equity shares or first receipt of dividend income after January 1, 2012.

Article 7 (Applicability to Special Taxation for Investment in Business Starters, etc.)

(1) The portion concerning a company specializing in the start - up of new technology - based businesses from among the amended provisions of Article 14 (1) shall apply beginning from the first contribution made after January 1, 2012 and the portion concerning an agriculture and food investment association shall apply beginning from the transfer after January 1, 2012.

(2) The amended provisions of Article 14 (4) and (5) shall apply beginning from the portion of income accruing after January 1, 2012.

Article 8 (Applicability to Income Deduction for Contributions, etc. to Small and Medium Business Start - Up Investment Cooperatives)

(1) The amended provisions of Article 16 (1) shall apply beginning from the portion of contribution or investment first made after January 1, 2012.

(2) The amended provisions of Article 16 (2) shall apply beginning from the first transfer or collection of the portion of equity shares or investors' equities or transfer or repurchase of beneficiary certificates after January 1, 2012.

Article 9 (Applicability to Exemption from Corporate Tax, etc. on Interest Income, etc. from International Financial Transactions)

The amended provisions of Article 21 (1) shall apply beginning from the foreign currency bonds, foreign currency liabilities, foreign currency bills or foreign currency deposit certificates issued, borrowed or sold after January 1, 2012.

Article 10 (Applicability to Tax Credit for Employment - Creating Investment)

The amended provisions of Articles 23 and 144 (3) shall apply beginning from the portion of investment first made after January 1, 2012.

Article 11 (Applicability to Income Tax Reduction or Exemption for Youths employed in Small or Medium Enterprises)The amended provisions of Article 30 shall apply beginning from the portion of income

Article 12 (Applicability to Taxation Carried Forward of Capital Gains Tax for Conversion into Corporation)

The amended provisions of Article 32 (5) shall apply beginning from the portion of business that is discontinued or capital reduction with consideration after January 1, 2012.

Article 13 (Applicability to Income Reduction of or Exemption from Corporate Tax, etc. for Relocation of Public Institutions to Innovation Cities)

(1) The amended provisions of Article 62 (1) shall apply beginning from the portion of previous real estate first transferred after January 1, 2012.

(2) The amended provisions of Article 62 (4) shall apply beginning from the portion of headquarter or principal office first relocated after January 1, 2012.

Article 14 (Applicability to Income Reduction for Housing Subscription Savings, etc.)

The amended provisions of Article 87 (2) and (6) shall apply beginning from the portion of payment for the taxable year to which the date of promulgation of this Act belongs.

Article 15 (Applicability to Tax Credit for Investment in Facilities for Promotion of Workers' Welfare)

The amended provisions of Article 94 (1) 5 shall apply beginning from the acquisition after January 1, 2012.

Article 16 (Applicability to Eligibility for Application for Labor Encouragement Subsidy, etc.)

(1) The amended provisions of Articles 100 - 3 (excluding the proviso to the part other than each item of paragraph (1) 2 and item (b) of the same subparagraph) through 100 - 6, 100 - 9, 100 - 13 and Articles 100 - 2, 100 - 3 and 100 - 5 (excluding the amended portions of the latter part other than each subparagraph of paragraph (1)) of the Restriction of Special Taxation Act (Act No. 9921) shall apply beginning from the income reverting to the taxable year to which the date of promulgation of

this Act belongs.

(2) The amended provisions of the proviso to the part other than each item of Article 100 - 3 (1) 2 and item (b) of the same subparagraph shall apply beginning from the income reverting to the taxable year to which the date of promulgation of this Act belongs.

Article 17 (Applicability to Scope of Application of Special Taxation for Partnership Firms)

The amended provisions of Article 100 - 15 (1) shall apply beginning from the application filed after April 15, 2012.

Article 18 (Applicability to Deduction of Tax Amount on Educational Expenses for Specific University or College, etc.)

The amended provisions of Article 104 - 18 (4) shall apply beginning from the portion of expenses first paid after January 1, 2012.

Article 19 (Applicability to Exclusion of Transferred Amount to Bad Debt Allowances from Gross Incomes in Cases of Domestic Corporations, etc. Subject to Application of International Accounting Standard)

The amended provisions of Article 104 - 23 shall apply beginning from the portion of business year to which the date of promulgation of this Act belongs.

Article 20 (Applicability to Deduction of Tax Amount on Electronic Commerce of Petroleum Product)

The amended provisions of Article 104 - 25 shall apply beginning from the portion first supplied after January 1, 2012.

Article 21 (Applicability to Special Cases for Refund of Value - Added Tax on Machinery and Materials for Farming or Fishing Industry)

The amended provisions of Article 105 - 2 shall apply beginning from the portion that is first filed for refund, determined or corrected after January 1, 2012.

Article 22 (Applicability to Mitigation of Value - Added Tax for General Taxicab Business Operators)

The amended provisions of Article 106 - 7 shall apply beginning from the portion of mitigation for the taxable year to which January 1, 2012 belongs.

Article 23 (Applicability to Deduction of Value - Added Tax Amount for Issuance of Certificate of Origin)

The amended provisions of Article 106 - 8 shall apply beginning from the portion of certificates of origin that are issued by first supplying the goods after January 1, 2012.

Article 24 (Applicability to Refund of Value - Added Tax for Foreign Participants, etc. of EXPO 2012 Yeosu Korea)

The amended provisions of Article 107 (9) shall apply beginning from the portion of application for refund filed after January 1, 2012.

Article 25 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Capital Increase)

The amended provisions of Article 121 - 4 (2) and (4) shall apply beginning from the portion of application for tax reduction or exemption filed by making capital increase after January 1, 2012.

Article 26 (Applicability to Reduction of or Exemption from Corporate Tax, etc. for Enterprises Moving into High - Tech Medical Complexes)

The amended provisions of Article 121 - 22 shall apply beginning from the enterprises which are first moving into the high - tech medical complex after January 1, 2012.

Article 27 (Special Cases for Tax Credit for Split, etc. of National Agricultural Cooperative Federation)

(1) The amended provisions of Article 121 - 23 (1) shall apply beginning from the portion first split after March 2, 2012.

(2) The amended provisions of Article 121 - 23 (2) shall apply beginning from the portion of comprehensive exchange of stocks after March 2, 2012.

(3) The amended provisions of Article 121 - 23 (3) and (4) shall apply beginning from the portion of business year to which March 2, 2012 belongs.

(4) The amended provisions of Article 121 - 23 (5) shall apply beginning from the portion paid first after March 2, 2012.

(5) The amended provisions of Article 121 - 23 (8) shall apply beginning from the taxable year to which March 2, 2012 belongs.

Article 28 (Applicability to Income Deduction for Amount Spent on credit cards, etc.)

The amended provisions of Article 126 - 2 (2) shall apply beginning from the portion of calculation of total annual amount spent on credit cards, etc. to which January 1, 2012 belongs.

Article 29 (Applicability to Exclusion from Reduction and Exemption in Case of Estimated Taxation, etc.)

The amended provisions of Article 128 (3) shall apply beginning from the portion of first filing a return for correction after January 1, 2012.

Article 30 (Applicability to Special Cases concerning Non - inclusion of Cultural Entertainment Expenses in Deductible Expenses)

The amended provisions of Article 136 (3) shall apply beginning from the portion of business year to which January 1, 2012 belongs.

Article 31 (Special Cases for Tax Credit for Employment - Creating Investment)

(1) for the amount invested before January 1, 2012 from among the amount invested for the taxable year to which January 1, 2012 belongs, such ceiling shall be calculated by applying the amended provisions of the proviso to Article 26 (1) 2.

(2) In calculating the ceiling under the proviso to former Article 26 (3) for the amount invested before January 1, 2012 from among the amount invested for the taxable year to which January 1, 2012 belongs, such ceiling shall be calculated by applying mutatis mutandis the amended provisions of the proviso to Article 26 (1) 2. In such cases, "relevant taxable year" shall be deemed "period of interim prepayment."

Article 32 (Transitional Measures concerning Exemption from Corporate Tax, etc. on Interest Income, etc. from International Financial Transactions)Notwithstanding the amended provisions of Article 21

Article 33 (Transitional Measures concerning Citation of other Acts and Subordinate Statutes)

Of the amended provisions of Article 74 (1) 1 (b), "the industry academic cooperation foundations under the Industrial Education and Industry - Academia - Research Cooperation Promotion Act" shall be deemed "the industry academic cooperation foundations under the Promotion of Industrial Education and Industry - Academic Cooperation Act" until January 25, 2012.

Article 34 (Transitional Measures concerning Reduction of or Exemption from Corporate Tax, etc. for Capital Increase)Notwithstanding the amended provisions of Article 121 - 4 (2) and (4), the former pro

ADDENDA <No. 11232, 26. Jan, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.
Articles 2 through 12 Omitted.

ADDENDA <No. 11241, 26. Jan, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
(Proviso Omitted.)
Articles 2 through 7 Omitted.

ADDENDA <No. 11459, 01. Jun, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation. (Proviso Omitted.)
Articles 2 through 7 Omitted.

ADDENDA <No. 11486, 02. Oct, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Transfer of Houses)

The amended provisions of Article 98 - 7 shall apply beginning from the first house transferred after this Act enters into force.

ADDENDA <No. 11614, 01. Jan, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2013: Provided, That the amended provisions of Article 86 - 2 shall enter into force on March 1, 2013; the amended

provisions of Article 111 - 4, on July 1, 2013; and the amended provisions of Articles 100 - 15 and 100 - 26, on January 2014, respectively.

Article 2 (General Applicability)

(1) The amended provisions of this Act concerning income tax and corporate tax, shall begin to apply from taxable years commencing after this Act enters into force.

(2) The amended provisions of this Act concerning value - added tax, shall begin to apply from goods or services supplying or supplied, or goods declared as imported, after this Act enters into force.

(3) The amended provisions of this Act concerning capital gains tax and securities transaction tax, shall begin to apply from the portion transferred after this Act enters into force.

(4) The amended provisions of this Act concerning inheritance tax and gift tax, shall begin to apply from the portion inherited or donated after this Act enters into force.

(5) The amended provisions of this Act concerning comprehensive real estate holding tax, shall begin to apply from the portion regarding which a duty to pay tax arises after this Act enters into force.

(6) The amended provisions of this Act concerning individual consumption tax, traffic, energy and environment tax, and education tax, shall begin to apply from a taxable commodity shipped out from a place of manufacture or declared as imported, or an act of entry done, after this Act enters into force.

(7) The amended provisions of this Act concerning stamp tax, shall begin to apply from taxation documents prepared after this Act enters into force.

(8) The amended provisions of this Act concerning acquisition tax, registration and license tax, property tax, local income tax, local resource and facility tax, local education tax, and resident tax, shall begin to apply from the portion regarding which a duty to pay tax arises after this Act enters into force.

(9) The amended provisions of this Act concerning customs duties, shall begin to apply from the portion declared as imported after this Act enters into force.

Article 3 (Applicability to Tax Credits for Small or Medium Enterprises)

The provisions concerning the scope of business income in the amended provisions of Article 5, shall begin to apply from the portion regarding which a confirmation of faithful reporting is submitted as of January 1, 2013.

Article 4 (Applicability to Tax Reductions or Exemptions for Small or Medium Start - Up Enterprises, etc.)

The amended provisions of Article 6 shall begin to apply from the start - up of business, or designation or confirmation made, as of January 1, 2013.

Article 5 (Applicability to Special Tax Credits for Small or Medium Enterprises)

The amended provisions of Article 7 (2) shall begin to apply from the portion of a taxable year for which a report is made as of January 1, 2013.

Article 6 (Applicability to Income Deduction for Contributions, etc. to Small and Medium Start - Up Investment Cooperatives)

The amended provisions of Article 16 (1) shall begin to apply from the portion contributed or invested as of January 1, 2013.

Article 7 (Applicability to Non - Taxation of Interest Income Tax on Foreign Currency Time Deposits of Non - Residents, etc.)

The amended provisions of Article 21 - 2 shall begin to apply from the account of foreign currency time deposit opened as of January 1, 2013.

Article 8 (Applicability to Tax Credits for Investment, etc. in Safety Facilities)

The amended provisions of Article 25 (1) shall begin to apply from the portion invested as of January 1, 2013.

Article 9 (Applicability to Tax Credits for Employment - Creating Investment)

The amended provisions of Article 26 (1) shall begin to apply from the portion invested as of January 1, 2013.

Article 10 (Applicability to Tax Credits for Small or Medium Enterprises having Reinstated Graduates of High Schools, etc. Aligned to Industry Demand after Completing their Military Service)

The amended provisions of Article 29 - 2 shall begin to apply from the portion reinstated as of January 1, 2013.

Article 11 (Applicability to Tax Carried Forward, etc. of Capital Gains Tax on Consolidation among Small or Medium Enterprises or Conversion into Corporation)

The amended provisions of Article 31 (7) or 32 (5) shall begin to apply from where a corporation discontinues its business or disposes of its stocks or equity shares as of January 1, 2013. <Amended by Act No. 12853, Dec. 23, 2014>

Article 12 (Applicability to Special Taxation for Transfer of Redundant Assets following Merger of Enterprises Operating Medicine Manufacturing Business)

The amended provisions of Article 47 - 4 (1) shall begin to apply from the portion merged as of January 1, 2013.

Article 13 (Applicability to Special Taxation for Self - Managed Real Estate Investment Company, etc.)

The amended provisions of Article 55 - 2 (5) shall begin to apply from where new housing units are built, or lease business is operated by purchasing housing units never occupied by any tenants as at the time of their acquisition, as of January 1, 2013.

Article 14 (Applicability to Special Cases of Inclusion of Reserves for Business Proper to Specific Purpose in Deductible Expenses)

The amended provisions of Article 74 (1) and (4) shall begin to apply from the portion for the business year in which January 1, 2013 falls.

Article 15 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Social Enterprises and Standard Workplaces for Persons with Disabilities)

The amended provisions of Article 85 - 6 (1) and (2) shall begin to apply from social enterprises or standard workplaces for persons with disabilities accredited as of January 1, 2013.

Article 16 (Applicability to Non - Taxation, etc. on Long - Term Savings for Housing Purchase, etc.)

The amended provisions of Article 87 (4) shall begin to apply from the portion for which an application for income deduction is filed as of January 1, 2013.

Article 17 (Applicability to Special Taxation for Dividend Income from Collective Investment Securities, such as Collective Real Estate Fund, etc.)

The amended provisions of Article 87 - 6 (1) shall begin to apply from the portion paid as of January 1, 2013.

Article 18 (Applicability to Special Taxation for Members, etc. of Employee Stock Ownership Association)

The amended provisions of Article 88 - 4 (10) shall begin to apply from the portion paid as of January 1, 2013.

Article 19 (Applicability to Submission, etc. of Tax - Favored Savings Data)

The amended provisions of Article 89 - 2 shall begin to apply from the portion for accounts of savings, deposits, savings insurance, and pensions opened as of January 1, 2013.

Article 20 (Applicability to Non - Taxation on Asset - Building Savings)

The amended provisions of Article 91 - 14 shall begin to apply from accounts opened for asset - building savings newly created as of January 1, 2013.

Article 21 (Applicability to Eligibility, etc. for Application for Labor Encouragement Subsidy)

The amended provisions of Articles 100 - 3, 100 - 4, 100 - 6, and 100 - 13 shall begin to apply from the portion applied as of January 1, 2013.

Article 22 (Applicability to Scope, etc. of Application of Special Taxation for Partnership Firms)

The amended provisions of Articles 100 - 15 (1) and 100 - 26 shall begin to apply from where an application is filed for the application as of January 1, 2014.

Article 23 (Applicability to Tax Deductions for Educational Expenses, etc. for Specific University or College)

The amended provisions of Article 104 - 18 shall begin to apply from facilities donated as of January 1, 2013.

Article 24 (Applicability to Tax Reductions or Exemptions for Overseas Korean Enterprises on their Return to Korea)

The amended provisions of Article 104 - 24 shall begin to apply from where an enterprise is incorporated or a new place of business is established in the Republic of Korea as of January 1, 2013.

Article 25 (Applicability to Tax Credits for Electronic Commerce of Petroleum Products)

The amended provisions of Article 104 - 25 shall begin to apply from the portion supplied as of January 1, 2013.

Article 26 (Applicability to Supply of Fax - Free Petroleum for Fishery Machine)

The amended provisions of Article 106 - 2 (3) and (5) shall begin to apply from fishery machines reported as of January 1, 2013.

Article 27 (Applicability to Prohibition of Sale of Fax - Free Petroleum by Petroleum Distributor whose Designation is Revoked)

The amended provisions of Article 106 - 2 (13) shall begin to apply from where any ground for additionally collecting the amount of tax reduced or exempted, arises, as of January 1, 2013.

Article 28 (Applicability to Application of Annual Maximum Quantity of Petroleum for Agriculture, Forestry, and Fishery)

The amended provisions of Article 106 - 2 (15) shall begin to apply from applications filed as of January 1, 2013.

Article 29 (Applicability to Special Cases concerning Refund of Individual Consumption Tax, etc. on Fuel of Motor Vehicles for Diplomats, etc.)

The amended provisions of Article 111 - 4 shall begin to apply from petroleum products purchased as of July 1, 2013.

Article 30 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Foreign Investment)

The amended provisions of Article 121 - 2 (11) shall begin to apply from loans provided as of January 1, 2013.

Article 31 (Applicability to Additional Collection, etc. of Amount of Tax Reduced or Exempted for Foreign Investment)

The amended provisions of Article 121 - 5 (4) shall begin to apply from where any ground for additional collection arises as of January 1, 2013.

Article 32 (Applicability to Reduction or Exemption of Corporate Tax, etc. for Start - Up Enterprises, etc. Located in Enterprise City Development Zones, etc.)

The amended provisions of Article 121 - 17 shall begin to apply from where an enterprise is incorporated or a place of business is newly established as of January 1, 2013.

Article 33 (Applicability to Income Deduction for Amount Spent on Credit Cards, etc.)

(1) The amended provisions of Article 126 - 2 shall begin to apply from the portion spent on credit cards, etc. as of January 1, 2013.

(2) Notwithstanding paragraph (1), "amount used in traditional markets" and "amount spent on debit cards, etc." in paragraph (2) 4 of the amended provisions of Article 126 - 2, shall begin to apply from the portion for which income deduction is applied as of January 1, 2013.

Article 34 (Applicability to Tax Deductions for Expenses Incurred in Verifying Compliant Filing)

The amended provisions of Articles 126 - 6 and 144 shall begin to apply from where a certification of verification of compliant filing is submitted as of January 1, 2013.

Article 35 (Applicability to Composite Ceiling on Income Deductions, etc. for Income Tax)

The amended provisions of Article 132 - 2 shall begin to apply from the portion included in necessary expenses or deducted from income for the taxable period that commences as of January 1, 2013.

Article 36 (Special Cases concerning Tax Credits for Research and Human Resources Development Expenses)

"General research and human resources developments expenses incurred in the immediately preceding taxable year" in the amended provisions of Article 10 (1) 3 (a), shall be deemed "average annual amount of general research and human resources developments expenses incurred in three preceding years retroactively from the date the relevant taxable year commences" during the taxable year that commences on between January 1, 2013 and December 31, 2013; and deemed "average annual amount of general research and human resources developments expenses incurred in two preceding years retroactively from the date the relevant taxable year commences" during the taxable year that commences on between January 1, 2014 and December 31, 2014.

Article 37 (Transitional Measures concerning Income Deductions for Contributions, etc. to Small and Medium Business Start - Up Investment Cooperative) Notwithstanding the amended provisions of Article 16

Article 38 (Transitional Measures concerning Special Taxation for Transfer of Redundant Assets following Merger) Notwithstanding the amended provisions of Article 47 - 4 (1), mergers effected before Janu

Article 39 (Transitional Measures concerning Special Taxation for Self - Managed Real Estate Investment Company, etc.) Notwithstanding the amended provisions of Article 55 - 2 (5), housing units newly buil

Article 40 (Transitional Measures concerning Private Annuity Savings) Notwithstanding the amended provisions of Articles 86 and 89 - 2, the accounts of private annuity savings opened before January 1, 20

Article 41 (Transitional Measures concerning Annuity Savings)

The accounts of annuity savings opened before March 1, 2013 pursuant to former Article 86 - 2, shall be deemed pension accounts under Article 20 - 3 (1) 2 of the Income Tax Act: Provided, That the former provisions of Articles 86 - 2 and 89 - 2, shall apply where the deposit money is received in a form other than pension because of the termination of contract due to the death or the death of the

contracting party after the expiration of deposit payment term, or where the savings contract is terminated within five years from the date of opening the savings account.

Article 42 (Transitional Measures concerning Submission, etc. of Tax - Favored Savings Data) Notwithstanding the amended provisions of Article 89 - 2, the accounts of tax - favored savings opened before Janu

Article 43 (Transitional Measures concerning Eligibility for Application for Labor Encouragement Subsidy) Notwithstanding the amended provisions of Article 100 - 3 (2) 1, a person who has not received al

Article 44 (Transitional Measures concerning Composit Ceiling on Income Deductions, etc. for Income Tax) Notwithstanding the amended provisions of Article 132 - 2, the investments or contributions made t

Article 45 (General Transitional Measures concerning Amendment of the Local Tax Act) Local taxes imposed, reduced, or exempted, or to be imposed, reduced, or exempted as at January 1, 2013 under the former provisions, shall be governed by the former provisions.

Article 46 Omitted.

ADDENDA <No. 11690, 23. Mar, 2013 >

Article 1 (Enforcement Date)

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <No. 11759, 10. May, 2013 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 106 - 9, 108 - 2, 108 - 3 and 122 - 4 shall enter into force on January 1, 2014.

Article 2 (Applicability to Special Taxation for Capital Gains on Purchasers of Newly - Built Houses, etc.)

The amended provisions of Article 99 - 2 shall apply to any transfer made on or after the date this Act enters into force.

Article 3 (Applicability to Special Cases for Payment of Value - Added Tax by Purchasers of Copper Scrap, etc.)

The amended provisions of Article 106 - 9 shall apply where an operator of copper scrap, etc. supplies, or is supplied with, copper scrap, etc. or files a report on the import thereof on or after January 1, 2014, after opening a transaction account for copper scrap, etc. on or after December 1, 2013.

ADDENDA <No. 11845, 28. May, 2013 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
(Proviso Omitted.)

Articles 2 through 17 Omitted.

ADDENDA <No. 11873, 07. Jun, 2013 >

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2013.

Articles 2 through 19 Omitted.

ADDENDA <No. 11965, 30. Jul, 2013 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.
(Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 11989, 30. Jul, 2013 >

Article 1 (Enforcement Date)

(1) This Act shall enter into force six months after the date of its promulgation.

(2) through (4) Omitted.

Articles 2 through 6 Omitted.

ADDENDA <No. 12031, 13. Aug, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 99 - 6 shall enter into force on September 1, 2013, and the amended provisions of Article 26 shall enter into force on January 1, 2014.

Article 2 (Applicability to Special Cases for Payment of Gains from Exercising Stock Options of Venture Businesses)

The amended provisions of Article 16 - 2 shall apply to the stock options granted for the first time after this Act enters into force.

Article 3 (Applicability to Decrease in Basic Rate of Deduction of Tax Credits for Employment - Creating Investment)

The amended provisions of Article 26 (1) 1 shall apply to investment made in the taxable year that commences on or after January 1, 2014.

Article 4 (Applicability to Special Taxation for Delinquent Tax, etc. of Resurgent Small or Medium Entrepreneurs)

(1) The amended provisions of Article 99 - 6 (1) through (4) shall apply to the applications filed on or after September 1, 2013.

(2) The amended provisions of Article 99 - 6 (5) and (6) shall apply to the establishment of a new business, or designation or certification obtained under Article 6 on or after September 1, 2013.

Article 5 (Applicability to Special Taxation for Lease on Deposit Basis without Large Sum of Key Money)

The amended provisions of Article 99 - 7 shall apply to the housing mortgage loan obtained or the amount of interest repaid for the first time after this Act enters into force.

Article 6 (Applicability to Refund, etc. of Labor Encouragement Subsidies)

The amended provisions of Article 100 - 8 shall apply to the income accrued in or after the taxable year in which the promulgation date of this Act falls.

Article 7 (Applicability to Income Deduction for Monthly Rents for Compliant Business Operators)

The amended provisions of Article 122 - 3 shall apply to the monthly rent paid for the first time after this Act enters into force.

ADDENDA <No. 12153, 01. Jan, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2014. (Proviso Omitted.)
Articles 2 through 19 Omitted.

ADDENDA <No. 12173, 01. Jan, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2014: Provided, That the amended provisions of Article 107 - 2 shall enter into force on April 1, 2014, the amended provisions of Articles 121 - 2 (1), (2), (4), (5) and (14), and 121 - 3 (2) on July 1, 2014, and the amended provisions of Articles 66 (1) and (2), 68 (1) and (4), 132 (1) 4 (applicable only to the amended part relating to crops cultivation business), and 142 on January 1, 2015, respectively.

Article 2 (General Applicability)

- (1) The amended provisions of this Act relating to income tax and corporate tax shall apply to the taxable years that commence after this Act enters into force.
- (2) The amended provisions of this Act relating to value - added tax shall apply to the goods or services supplied, received or import declarations filed after this Act enters into force.
- (3) The amended provisions of this Act relating to capital gains tax and securities transaction tax shall apply to the transfers made after this Act enters into force.
- (4) The amended provisions of this Act relating to inheritance tax and gift tax shall apply to the inheritances commenced, or donations made, after this Act enters into force.
- (5) The amended provisions of this Act relating to stamp tax shall apply to the tax documents prepared after this Act enters into force.

(6) The amended provisions of this Act relating to customs duties shall apply to the import declarations filed after this Act enters into force.

Article 3 (Applicability to Tax Credits when Making Contributions to Funds for Collaborative Cooperation between Large Enterprises and Small or Medium Enterprises)

The amended provisions of Article 8 - 3 shall apply to the contributions made after this Act enters into force.

Article 4 (Applicability to Tax Credits for Investment in Facilities for Research and Human Resources Development)

The amended provisions of Article 11 shall apply to the investments made after this Act enters into force.

Article 5 (Applicability to Special Taxation on Income from Technology Transfer, etc.)

The amended provisions of Article 12 shall apply to the transfers conducted after this Act enters into force.

Article 6 (Applicability to Tax Credits for Technological Innovation - Oriented Merger)

The amended provisions of Article 12 - 3 shall apply to the mergers conducted after this Act enters into force.

Article 7 (Applicability to Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)

The amended provisions of Article 12 - 4 shall apply to the stocks acquired after this Act enters into force.

Article 8 (Applicability to Non - Taxation on Gains, etc. from Transfer of Stocks of Small and Medium Business Start - Up Investment Companies, etc.)

The amended provisions of Article 13 shall apply to the stocks or equity shares transferred after making first contributions or dividend income received after making first contributions after this Act enters into force.

Article 9 (Applicability to Income Deduction for Contributions, etc. to Small and Medium Business Start - Up Investment Fund)

The amended provisions of Article 16 (1) shall apply beginning from the contributions or investments made first after this Act enters into force.

Article 10 (Applicability to Tax Credits for Investment in Energy - Saving Facilities)

The amended provisions of Article 25 - 2 shall apply to the investments made after this Act enters into force.

Article 11 (Applicability to Tax Credits for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25 - 3 shall apply to the investments made after this Act enters into force.

Article 12 (Applicability to Tax Credits for Investment in Facilities to Improve Quality Control of Medical Supplies)

The amended provisions of Article 25 - 4 shall apply to the investments made after this Act enters into force.

Article 13 (Applicability to Tax Credits for Employment - Creating Investment)

The amended provisions of Article 26 shall apply to the investments made in the taxable years that commence after this Act enters into force.

Article 14 (Applicability to Income Tax Exemption for Persons Employed in Small or Medium Enterprises)

The amended provisions of Article 30 shall apply to the income received from employment after this Act enters into force.

Article 15 (Applicability to Tax Credits Subsequent to Conversion to Regular Workers)

The amended provisions of Article 30 - 2 shall apply to conversion to regular workers after this Act enters into force.

Article 16 (Applicability to Special Taxation for Sale of Assets to Redeem Financial Liabilities of Enterprises)

The amended provisions of Article 34 (1) shall apply to the transfers made after this Act enters into force.

Article 17 (Applicability to Special Taxation for Exchange of Unlisted Stocks, etc. for Strategic Partnership)

The amended provisions of Article 46 - 7 shall apply to the exchanges, etc. of stocks conducted after this Act enters into force.

Article 18 (Applicability to Special Taxation concerning Re - investment in Venture Business, etc. after Sale of Enterprise)

The amended provisions of Article 46 - 8 shall apply to the re - investment made by a stockholder after selling stocks of an enterprise in his/her possession, on or after the date this Act enters into force.

Article 19 (Applicability to Special Taxation for Transfer of Redundant Assets Following Merger)

The amended provisions of Article 47 - 4 (1) shall apply to the mergers conducted after this Act enters into force.

Article 20 (Applicability to Reduction of or Exemption from Corporate Tax, etc. for Public Institutions Relocating to Innovation Cities, etc.)

The amended provisions of Article 62 shall apply beginning from the taxable years for which reports are filed after this Act enters into force.

Article 21 (Applicability to Special Taxation for Capital Gains Tax on Sale, etc. of Farmland to Support Business Workout)

The amended provisions of Article 70 - 2 shall apply to the applications for refund filed first after this Act enters into force.

Article 22 (Applicability to Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)

The amended provisions of Article 74 (1) shall apply to the reserve funds included in deductible expenses for the business year in which the enforcement date of this Act falls.

Article 23 (Applicability to Special Cases, etc. of Including Political Funds in Deductible Expenses)

The amended provisions of Article 76 (1) shall apply to the donations made after this Act enters into force.

Article 24 (Applicability to Corporate Tax Reduction or Exemption for Social Enterprises and Standard Workplaces for Disabled Persons)

The amended provisions of Article 85 - 6 (1) and (2) shall apply to the reductions or exemptions applied in the taxable years that commence after this Act enters into force.

Article 25 (Applicability to Non - Taxation, etc. for Long - Term Savings for Housing Purchase, etc.)

The amended provisions of Article 87 shall apply to the payment of monthly rents made after this Act enters into force.

Article 26 (Applicability to Special Taxation for Stockholders of Ship Investment Companies)

The amended provisions of Article 87 - 5 (2) shall apply to the dividends distributed after this Act enters into force.

Article 27 (Applicability to Submission, etc. of Tax - Favored Savings Data)

The amended provisions of Article 89 - 2 (1) shall apply to the accounts opened after this Act enters into force.

Article 28 (Applicability to Non - Taxation on Asset - Building Savings)

The amended provisions of Article 91 - 14 (1) 4 shall apply to the payment of overdue deposits after this Act enters into force.

Article 29 (Applicability to Special Taxation for High - Yield, High - risk Investment Trusts, etc.)

The amended provisions of Article 91 - 15 shall apply to the investment trusts established after this Act enters into force.

Article 30 (Applicability to Income Deduction for Long - Term Collective Investment Securities Savings)

The amended provisions of Article 91 - 16 shall apply to the accounts of long - term collective investment securities savings created or established first on or after the date this Act enters into force.

Article 31 (Applicability to Tax Reduction or Exemption for Small - Housing Rental Business Operators)

The amended provisions of Article 96 shall apply to the income accrued from a rental business after this Act enters into force.

Article 32 (Applicability to Special Taxation of Capital Gains Tax for Purchasers of Houses, etc. in Agricultural and Fishing Villages)

The amended provisions of Article 99 - 4 (1) shall apply to the houses purchased first after this Act enters into force.

Article 33 (Applicability to Special Taxation for Labor Encouragement)

The amended provisions of Articles 100 - 3 through 100 - 13 shall apply to the applications filed after this Act enters into force.

Article 34 (Applicability to Special Taxation for Encouragement of Children)

The amended provisions of Articles 100 - 27 through 100 - 31 shall apply to the applications filed on or after January 1, 2015.

Article 35 (Applicability to Special Taxation for Income Tax, etc. on Multilateral - Trade Contracts)

The amended provisions of Article 104 - 4 shall apply to the trades conducted after this Act enters into force.

Article 36 (Applicability to Tax Credits for Payment Records)

The amended provisions of Article 104 - 5 shall apply to the submissions made after this Act enters into force.

Article 37 (Applicability to Special Taxation for Establishment and Operation of Corporate Sport Teams)

The amended provisions of Article 104 - 22 (2) shall apply to the corporate sport teams established first after this Act enters into force.

Article 38 (Applicability to Tax Credits for Electronic Commerce of Petroleum Products)

The amended provisions of the main body of Article 104 - 25 (1) shall apply to the petroleum products supplied after this Act enters into force.

Article 39 (Applicability to Inclusion of Claims in Deductible Expenses Following Revocation of Authorization for Establishment, etc. of Rearrangement Project Associations)

The amended provisions of Article 104 - 26 shall apply to the claims renounced after this Act enters into force, and shall also apply to the promotion committees and associations, the approval for, or authorization for the establishment of, which has been revoked under Article 16 - 2 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents before this Act enters into force.

Article 40 (Applicability to Heating Services Supplied to Rental Housing Constructed for Permanent Lease)

The amended provisions of Article 106 (1) 4 - 5 shall apply to the supply or receipt of services made first after this Act enters into force.

Article 41 (Applicability to Special Cases for Payment of Value - Added Tax by Purchasers of Gold - Related Products)

The amended provisions of Article 106 - 4 (5) shall apply to the supply or receipt of gold bullion in the spot gold market made first after this Act enters into force after it is deposited in a safekeeping agency under Article 126 - 7

Article 42 (Applicability to Value - Added Tax Relief for General Taxicab Business Operators)

The amended provisions of Article 106 - 7 shall apply to the value - added tax reliefs granted in the taxable year in which the enforcement date of this Act falls.

Article 43 (Applicability to Special Cases concerning Value - Added Tax for Foreign Tourists)

The amended provisions of Article 107 - 2 shall apply to the accommodation services provided after this Act enters into force.

Article 44 (Applicability to Special Cases concerning Deduction of Input Tax Amount of Value - Added Tax on Waste Resources, etc. for Recycling Purposes)

The amended provisions of Article 108 (1) shall apply to the acquisition after this Act enters into force.

Article 45 (Applicability to Exemption from Securities Transaction Tax)

The amended provisions of Article 117 shall apply to the transfers of stock certificates or equity shares acquired by making an investment for the first time after the enforcement date of this Act.

Article 46 (Applicability to Dividend Income Reductions or Exemptions for Foreign Investment)

The amended provisions of Articles 121 - 2 (3) and (12), and 121 - 5 (1) shall apply to the applications for tax reductions or exemptions filed after this Act enters into force.

Article 47 (Applicability to Corporate Tax Reductions or Exemptions for Foreign Investment)

The amended provisions of Article 121 - 2 (11) shall apply to the applications for tax reductions or exemptions filed on or after January 1, 2015.

Article 48 (Applicability to Reduction of, or Exemption from, Corporate Tax, etc. on Enterprises, etc. Moving into High - Tech Medical Complexes)

The amended provisions of Article 121 - 22 (5) shall apply to the reductions or exemptions applied in the taxable years that commence after this Act enters into force.

Article 49 (Applicability to Special Cases for Tax Credit for Split, etc. of National Agricultural Cooperative Federation)

(1) The amended provisions of Article 121 - 23 (1) shall apply to the splits conducted after this Act enters into force.

(2) The amended provisions of Article 121 - 23 (3) shall apply to the all - inclusive share swaps conducted after this Act enters into force.

Article 50 (Applicability to Deduction of Medical Expenses, etc. for Compliant Business Operators)

The amended provisions of Article 122 - 3 shall apply to the expenses incurred after this Act enters into force.

Article 51 (Applicability to Special Taxation for Gold Bullion Traded in Spot Gold Markets)

(1) The amended provisions of Article 126 - 7 (1) through (7) shall apply to the supply or receipt of gold bullion, in the spot gold market, which is deposited in a safekeeping agency after this Act enters into force.

(2) The amended provisions of Article 126 - 7 (8) shall apply to the taxable years in which gold bullion deposited in a safekeeping agency is supplied or received in the spot gold market after this Act enters into force.

(3) The amended provisions of Article 126 - 7 (9) through (11) shall apply to the gold bullion, the import declaration of which is filed for trade in the spot gold market after this Act enters into force.

Article 52 (Applicability to Elimination of Overlapping Support)

The amended provisions of Article 127 shall apply to the investments made after this Act enters into force.

Article 53 (Applicability to Exclusion from Reduction and Exemption in Cases of Additionally Estimated Taxation, etc.)

The amended provisions of Article 128 shall apply to the determinations, corrections, or returns made or filed after this Act enters into force.

Article 54 (Applicability to Composite Ceiling on Income Deductions, etc. for Income Tax)

(1) The amended provisions of Article 132 - 2 (1) 1 shall apply to the reports filed first after this Act enters into force.

(2) The amended provisions of Article 132 - 2 (1) 3 shall apply to the contributions or investments made first after this Act enters into force.

Article 55 (Applicability to Tax Credits Carried - Forward)

The amended provisions of Article 144 (1) regarding the period for tax credits carried - forward shall apply to the investments made after this Act enters into force.

Article 56 (Special Cases for Composite Ceiling on Income Deductions, etc. for Income Tax)

Composite ceiling on income deductions under the amended provisions of Article 132 - 2 of the Restriction of Special Taxation Act as partially amended by Act No.

11614 shall not apply to the designated donations made or expended during the period from January 1, 2013 to December 31, 2013.

Article 57 (Special Cases for Submission of Assessment Result of Major Special Taxation to National Assembly) Notwithstanding the amended provisions of Article 142 (4), "120 days" shall be deemed "110

Article 58 (Transitional Measures concerning Income Deductions for Contributions, etc. to Small and Medium Business Start - Up Investment Fund)

The former provisions shall apply to the contributions or investments made prior to the date this Act enters into force, notwithstanding the amended provisions of Article 16 (1).

Article 59 (Transitional Measures concerning Special Taxation for Foreign Workers)

The former provisions shall apply to foreign workers who started working in the Republic of Korea before January 1, 2014, notwithstanding the amended provisions of Article 18 - 2 (2): Provided, That the same shall not apply where their services are offered to any related enterprises.

Article 60 (Transitional Measures concerning Income Tax Reductions or Exemptions for Persons Employed in Small or Medium Enterprises)

The former provisions shall apply to the youths who are employed by small or medium enterprises before January 1, 2014, notwithstanding the amended provisions of Article 30.

Article 61 (Transitional Measures concerning Labor Encouragement)

(1) Residents who have secured tax credits under the former Article 100 - 3 (1) 3 and 4, (2) and (4) before January 1, 2014 shall be governed by the former provisions in their applications to be filed until the taxable year in which January 1, 2014 falls.

(2) A single income household that has at least three dependent children and has been subject to the application of the amount based on total income of the household having at least three dependent children specified in the table in the former Article 100 - 3 (1) 2 (a) and Article 100 - 5 (1) 4 shall be subject to the application of an amount based on total income of dual income household specified in the table in Article 100 - 3 (1) 2 and Article 100 - 5 (1) 3, with respect to an application to be filed in the taxable year in which January 1, 2014 falls.

Article 62 (Transitional Measures concerning Special Taxation for Deduction of Fictitious Input Tax for Aged Gold)

The former provisions shall apply to the aged gold acquired and supplied before January 1, 2014, notwithstanding the amended provisions of Article 106 - 5.

Article 63 (Transitional Measures concerning Reduction of, or Exemption from, Corporate Tax, etc. for Foreign Investment in Saemangeum Project Area)

The former provisions shall apply to the enterprises that have relocated into a free economic zone in Saemangeum Project Area designated under Article 4 of the Special Act on Designation and Management of Free Economic Zones and secured a tax reduction or exemption under Article 121 - 2 (8) before this Act enters into force, notwithstanding the amended provisions of Articles 121 - 2 and 121 - 3.

Article 64 (Transitional Measures concerning Reduction of, or Exemption from, Dividend Income of Foreign Investors)

The former provisions shall apply to the portions for which applications for a tax reduction or exemption was filed before January 1, 2014, notwithstanding the amended provisions of Articles 121 - 2 (3), (6), (7), (10) and (12), and 121 - 5 (1)

Article 65 (Transitional Measures concerning Composite Ceiling on Income Deductions, etc. for Income Tax)

The former provisions shall apply to the insurance premiums, medical expenses, special education expenses, statutory donations paid, and the contributions or investments made under Article 16 (1) 3 or 4 of this Act before January 1, 2014, notwithstanding the amended provisions of Articles 132 - 2.

Article 66 (Transitional Measures concerning Amount of Tax Credits Carried - Forward)

The former provisions shall apply to the amount of tax credits carried forward before January 1, 2014, notwithstanding the amended provisions of Articles 144 (1) and (2).

ADDENDA <No. 12251, 14. Jan, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <No. 12570, 14. May, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Special Taxation for Merger, Division, etc. to Recover Public Funds)

(1) The amended provisions of Article 121 - 24 (1) shall apply from the division first registered on or after May 1, 2014.

(2) The amended provisions of Article 121 - 24 (2) and (3) shall apply from the merger first registered on or after May 1, 2014.

ADDENDA <No. 12663, 21. May, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date a merger under Article 4 (6) of the Addenda is registered. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 12853, 23. Dec, 2014 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2015: Provided, That the amended provisions of Articles 95 - 2, 106 - 7, 122 - 3 (3) and 126 - 2 (2) shall enter into force on the date of its promulgation; the amended provisions of Article 113 (1) on April 1, 2015; the amended provisions of Article 66 (4) through (6) and (9), Article 67 (4) through (6), Article 68 (2), Article 106 - 4 (1), Article 122 - 4, and Article 133 (1) on July 1, 2015; and the amended provisions of Articles 75 and 86 - 3 (1) and (3) on January 1, 2016, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax and corporate tax in this Act shall apply beginning from the taxable year that begins on or after the date this Act enters into force.

(2) The amended provisions concerning value - added tax in this Act shall apply to goods or services that a person supplies or is supplied with, or goods, an import declaration of which is filed, on or after the date this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities trading tax shall apply beginning from the first transfer made on or after the date this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Act shall apply beginning from the first inheritance commencing or the first asset conveyed as a gift on or after the date this Act enters into force.

(5) The amended provisions concerning stamp tax in this Act shall apply beginning from the first taxable document prepared on or after the date this Act enters into force.

(6) The amended provisions concerning acquisition tax and property tax in this Act shall apply where the duty to pay a tax arises on or after the date this Act enters into force.

Article 3 (Applicability of Tax Credits for Investments by Small and Medium Enterprises, etc.)

The amended provisions of Article 5 (1) shall apply to investments made in the taxable year in which a company is listed on a stock exchange.

Article 4 (Applicability of Special Tax Reduction or Exemption for Small and Medium Enterprises)

The amended provisions of Article 7 (1) shall apply beginning from the taxable year in which this Act enters into force.

Article 5 (Applicability of Special Taxation on Income, etc. from Transfer of Technology)

The amended provisions of Article 12 shall apply where technology is transferred or licensed after this Act enters into force.

Article 6 (Applicability of Income Deductions for Contributions, etc. to Small and Medium Business Start - Up Investment Fund)

The amended provisions of Article 16 (1) shall apply to investments or contributions made on or after the date this Act enters into force.

Article 7 (Applicability of Special Taxation on Gains from Exercise of Stock Options)

The amended provisions of Article 16 - 3 shall apply to stock options granted on or after the date this Act enters into force.

Article 8 (Applicability of Special Taxation for Foreign Workers)

The amended provisions of the main sentence of Article 18 - 2 (2) shall also apply to foreign workers subject to Article 18 - 2 (2) of the former Restriction of Special Taxation Act pursuant to Article 59 of the Addenda to the Restriction of Special Taxation Act partially amended by Act No. 12173.

Article 9 (Applicability of Tax Credits for Investment, etc. in Facilities for Improving Productivity)

The amended provisions of Article 24 (1) shall apply beginning from an investment made on or after the date this Act enters into force.

Article 10 (Applicability of Tax Credits for Investment, etc. in Safety Facilities)

The amended provisions of Article 25 (1) shall apply beginning from an investment made on or after the date this Act enters into force.

Article 11 (Applicability of Tax Credits for Employment - Creating Investment)

The amended provisions of Article 26 (1) shall apply beginning from an investment made in the taxable year that begins on or after the date this Act enters into force.

Article 12 (Applicability of Special Taxation for Including Depreciation Cost of Service Businesses in Deductible Expenses)

The amended provisions of Article 28 shall apply beginning from an asset invested in plant and equipment acquired on or after the date this Act enters into force.

Article 13 (Applicability of Tax Credits for Small and Medium Enterprises for Re - Employing Career - Interrupted Women)

The amended provisions of Article 29 - 3 shall apply to the re - employment of career - interrupted women on or after the date this Act enters into force.

Article 14 (Applicability of Income Tax Reduction or Exemption for Youths Employed by Small and Medium Enterprises)

The amended provisions of Article 30 (1) shall apply where a person is reinstated in service on or after the date this Act enters into force.

Article 15 (Applicability of Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30 - 2 (1) shall apply where the status of a person is changed to a regular employee on or after the date this Act enters into force.

Article 16 (Applicability of Follow - Up Management of Special Taxation for Gift Tax on Succession to Family Business)

The amended provisions of the former part in the main sentence of Article 30 - 6 (2) shall also apply to persons who have succeeded to a family business before this Act enters into force.

Article 17 (Applicability of Special Taxation for Exchange of Stocks, etc. between Enterprises)

The amended provisions of Article 46 shall apply beginning from the exchange of stocks, etc. on or after the date this Act enters into force.

Article 18 (Applicability of Special Taxation for Corporate Tax on Transfer Gains Following Relocation of Corporation's Head Office to Outside of Overconcentration Control Region of Seoul Metropolitan

The amended provisions of Article 61 - 4 shall apply where the head office or principal place of a corporation is relocated on or after the date this Act enters into force.

Article 19 (Applicability of Corporate Tax Reduction or Exemption, etc. for Public Institutions Relocating to Innovation Cities, etc.)

The amended provisions of Article 62 (4) shall also apply a corporation that has relocated its head office before this Act enters into force.

Article 20 (Applicability of Tax Reduction or Exemption for Small and Medium Enterprises Relocating to Outside of Overconcentration Control Region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall also apply to factory facilities relocated before this Act enters into force.

Article 21 (Applicability of Corporate Tax Reduction or Exemption, etc. for Relocation of Factory or Head Office of Corporation to Outside of Seoul Metropolitan Area)

(1) The amended proviso to the main sentence of Article 63 - 2 (1) shall apply where a corporation relocates its factory or head office on or after the date this Act enters into force.

(2) The amended proviso to the main sentence of Article 63 - 2 (2) shall also apply to a factory or head office relocated before this Act enters into force.

(3) The amended provisions of Article 63 - 2 (2) 2 shall apply where a head office is relocated on or after the date this Act enters into force.

Article 22 (Applicability of Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)

The amended provisions of Article 74 (4) shall apply beginning from the taxable year in which this Act enters into force.

Article 23 (Applicability of Donation Incentives)

The amended provisions of Article 75 shall apply beginning from a donation made on or after January 1, 2016.

Article 24 (Applicability of Income Deduction, etc. for Mutual Aid Funds for Small Enterprises and Small Entrepreneurs)

The amended provisions of Article 86 - 3 (1) and (3) shall apply where a person joins in a mutual aid fund for small enterprises and small entrepreneurs on or after January 1, 2016.

Article 25 (Applicability of Income Deduction for Collective Savings Accounts for Housing Subscription, etc.)

The amended provisions of Article 87 (2), (4), and (6) shall apply beginning from deposits made on or after the date this Act enters into force.

Article 26 (Applicability of Special Taxation on Dividend Income from Collective Investment Securities, such as Collective Real Estate Funds)

The amended provisions of Article 87 - 6 (1) shall apply beginning from dividends distributed on or after the date this Act enters into force.

Article 27 (Applicability of Special Taxation on Tax - Free Comprehensive Savings)

The amended provisions of Article 88 - 2 shall apply where a person opens an account on or after the date this Act enters into force.

Article 28 (Applicability of Special Taxation on Donations to Employee Stock Ownership Associations)

The amended provisions of Article 88 - 4 (13) shall apply beginning from donations made on or after the date this Act enters into force.

Article 29 (Applicability of Special Taxation on Dividend Income from Stocks of Overseas Resources Development Investment Company, etc.)

The amended provisions of Article 91 - 6 (1) shall apply beginning from dividends made on or after the date this Act enters into force.

Article 30 (Applicability of Non - Taxation on Asset - Building Savings)

The amended provisions of Article 91 - 14 (1) 3 and (3) shall apply where a person opens an account on or after the date this Act enters into force.

Article 31 (Applicability of Tax Credits for Investment in Facilities for Promoting Workers' Welfare)

The amended provisions of Article 94 (1) shall apply beginning from facilities acquired on or after the date this Act enters into force.

Article 32 (Applicability of Tax Credits on Monthly Rents)

The amended provisions of Articles 95 - 2 and 122 - 3 (3) shall apply beginning from monthly rents paid in the taxable year in which this Act is promulgated and subsequent taxable years.

Article 33 (Applicability of Tax Reduction or Exemption for Small Housing Rental Business Operators)

The amended provisions of Article 96 shall apply beginning from income accruing from leasing on or after the date this Act enters into force.

Article 34 (Applicability of Capital Gains Tax Reduction or Exemption for Quasi - Public Rental Housing Units, etc.)

The amended provisions of Article 97 - 5 shall apply beginning from the first housing unit acquired after this Act enters into force.

Article 35 (Applicability of Special Taxation, etc. on Persons Investing in Kind in Real Estate Investment Companies for Rental Housing)

The amended provisions of Article 97 - 6 shall apply beginning from the investments in kind made after this Act enters into force.

Article 36 (Applicability of Eligibility to Apply for Labor Encouragement Subsidies)

(1) The amended provisions of Article 100 - 3 (1) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

(2) The amended provisions of Article 100 - 3 (6) shall apply beginning from the income that belongs to the taxable year in which the Restriction of Special Taxation Act partially amended by Act No. 11614 is promulgated.

Article 37 (Applicability of Filing Applications, etc. for Labor Encouragement Subsidies)

The amended provisions of Article 100 - 6 (2) through (4) and (6) through (8) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 38 (Applicability of Determination of Labor Encouragement Subsidies)

The amended provisions of Article 1007 - 7 (1) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 39 (Applicability of Verification and Inspection of Applicants, etc.)

The amended provisions of subparagraph 4 of Article 100 - 11 shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 40 (Applicability of Special Taxation for Credit Rehabilitation Services Companies)

The amended provisions of Article 104 - 12 (3) shall also apply to loss compensation reserves included in deductible expenses before this Act enters into force.

Article 41 (Applicability of Tax Reduction or Exemption for Overseas Korean Enterprises on Their Return to Korea)

The amended provisions of Article 104 - 24 (2) and (3) shall also apply to an enterprise that has relocated or moved back to the Republic of Korea before this Act enters into force.

Article 42 (Applicability of Special Taxation on Stocks of High Dividend Companies)

The amended provisions of Article 104 - 27 shall apply beginning from dividends distributed following a resolution on the appropriation of retained earnings at the closing for the business years that begin on or after the date this Act enters into force.

Article 43 (Applicability of Value - Added Tax Exemption, etc. on Business of Operating Dormitories)

The amended provisions of Article 106 (1) 8 - 2 shall also apply to implementation agreements entered into before this Act enters into force.

Article 44 (Applicability of Value - Added Tax Reduction, Exemption, etc. on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships)

(1) The amended provisions of Article 106 - 2 (5) shall apply beginning from a farmer or fisherman who fails to submit the documents on or after the date this Act enters into force.

(2) The amended provisions of Article 106 - 2 (10) shall apply beginning from the tax - free petroleum used by a farmer or fisherman on or after the date this Act enters into force.

(3) The amended provisions of Article 106 - 2 (14) shall apply beginning from a petroleum distribution business transferred to any third person on or after the date this Act enters into force.

(4) The amended provisions of Article 106 - 2 (20) shall apply beginning from a request for data made by an institution responsible for the control of tax - free petroleum products on or after the date this Act enters into force.

Article 45 (Applicability of Special Taxation for Payment of Value - Added Tax by Purchasers of Gold Waste or Scrap)

The amended provisions of Article 106 - 4 (1) 3 shall apply where an account for trading gold is opened and reported, gold waste or scrap is supplied or delivered, or an import declaration on gold waste or scrap is filed, on or after July 1, 2015.

Article 46 (Applicability of Value - Added Tax Relief for General Taxicab Business Operators)

The amended provisions of Article 106 - 7 shall apply beginning from the taxable period in which this Act is promulgated.

Article 47 (Applicability of Special Cases Concerning Preliminary Imposition of Value - Added Tax on Gold Business Operators)

The amended provisions of Article 108 - 3 shall apply beginning from the value - added tax levied or voluntarily paid with a tax return on or after the date this Act enters into force.

Article 48 (Applicability of Reduction of, or Exemption From, Individual Consumption Tax on Domestic Passenger Vehicles Purchased by Diplomats)

The amended provisions of Article 113 (1) shall also apply where a domestic passenger vehicle exempt from the tax as at April 1, 2015 is transferred to any third person on or after April 1, 2015.

Article 49 (Applicability of Exemption from Securities Transaction Tax)

The amended provisions of Article 117 (1) 23 shall apply where stocks or equity shares acquired through directive investment or contribution are transferred to any third person on or after the date this Act enters into force.

Article 50 (Applicability of Corporate Tax Reduction or Exemption for Foreign Investment)

(1) The amended provisions of Article 121 - 2 (4), (5), and (18) shall apply beginning from the applications for tax reduction or exemption filed on or after the

date this Act enters into force.

(2) The amended provisions of Article 121 - 2 (18) shall also apply where any of the businesses specified in Article 121 - 2 (1) 1 is separated from any business other than the businesses specified in Article 121 - 2 (1) 1 for the purposes of accounting, and an application for tax reduction or exemption has been filed before this Act enters into force, and the period of reduction or exemption does not end as at the date on which this Act enters into force.

Article 51 (Applicability of Additional Collection, etc. of Reduced or Exempted Amount of Tax on Foreign Investment)

The amended provisions of Article 121 - 5 (5) 4 shall also apply where a decision on tax reduction or exemption has been made before this Act enters into force.

Article 52 (Applicability of Special Cases Concerning Indirect Tax, etc. on Duty - Free Shops for Travelers in Jeju - do)

The amended provisions of Article 121 - 13 (4) and (5) shall apply beginning from the duty - free goods sold or purchased on or after the date this Act enters into force.

Article 53 (Applicability of Reduction of, or Exemption from, Corporate Tax, etc. for Start - Up Enterprises, etc. in Enterprise City Development Zones, etc.)

The amended provisions of Article 121 - 17 (1) 3 and 4 shall apply beginning from an investment made on or after the date this Act enters into force.

Article 54 (Applicability of Tax Credits for Increased Revenue, etc. of Gold Business Operators)

The amended provisions of Article 122 - 4 shall apply where an account for trading gold is opened and reported, gold waste or scrap is supplied or delivered, or an import declaration on gold waste or scrap is filed, on or after July 1, 2015.

Article 55 (Applicability of Income Deduction for Amounts Spent on Credit Cards, etc.)

The amended provisions of Article 126 - 2 (2) shall apply beginning from a payment made by debit card, etc. in the taxable year in which this Act is promulgated.

Article 56 (Applicability of Tax Credits for Expenses Incurred in Verifying Compliant Filing)

The amended provisions of Article 126 - 6 (3) shall apply beginning from a certificate of confirmation of compliant filing submitted on or after the date this Act enters into force.

Article 57 (Applicability of Exclusion from Reduction or Exemption in Cases of Additionally Assessed Taxation, etc.)

The amended provisions of Article 128 shall apply to the determinations, corrections, and returns filed on or after the date this Act enters into force.

Article 58 (Applicability of Additional Collection of Reduced or Exempted Amount of Tax)

The amended provisions of Article 146 shall apply beginning from investments made on or after the date this Act enters into force.

Article 59 (Special Cases Concerning Special Taxation on Tax - Free Comprehensive Savings) Notwithstanding the amended provisions of Article 88 - 2 (1) 1, "65 years" shall be construed as "61 years," in ca

Article 59 - 2 (Special Cases Concerning Additional Collection of Reduced or Exempted Amount of Tax on Asset - Building Savings) Notwithstanding Articles 30 and 69 of the Addenda, the seventh anniversary

[This Article Newly Inserted by Act No. 13560, Dec. 15, 2015]

Article 60 (Transitional Measures Concerning Income Deduction for Contributions, etc. to Small and Medium Business Start - Up Investment Fund) Notwithstanding the amended provisions of Article 16 (1), th

Article 61 (Transitional Measures Concerning Income Tax Reduction or Exemption for Foreign Engineers) Notwithstanding the amended provisions of Article 18 (2), the former provisions shall apply to fore

Article 62 (Transitional Measures Concerning Follow - Up Management of Special Taxation for Gift Tax on Succession to Family Business) Notwithstanding the amended provisions of the former part of the mai

Article 63 (Transitional Measures Concerning Corporate Tax Reduction or Exemption, etc. for Relocation of Factories and Head Offices of Corporations to Areas Outside of Seoul Metropolitan Area) Notwith

Article 64 (Transitional Measures Concerning Tax Reduction or Exemption for Enterprises, etc. Located in Agro - Industrial Complexes)

(1) Notwithstanding the amended provisions of Article 64 (1) 2, the former provisions shall apply to small and medium enterprises granted tax reduction or exemption, located in a development promotion district designated under Article 9 of the Balanced Regional Development and Support for Local Small and Medium

Enterprises Act pursuant to the former Article 64 (1) 2 as at the time this Act enters into force: Provided, That, if the amended provisions of Article 121 - 17 are applicable to a small or medium enterprise, the small or medium enterprise may choose either the amended provisions of Article 64 (1) 2 or Article 121 - 17 for application.

(2) Where a person chooses either the amended provisions of Article 64 (1) 2 or Article 121 - 17 for application pursuant to the proviso to paragraph (1), the provisions the person chooses shall apply continuously during the period of reduction or exemption.

Article 65 (Transitional Measures Concerning Income Deduction, etc. for Mutual Aid Fund for Small Enterprises and Small Entrepreneurs)Notwithstanding the amended provisions of Article 86 - 3 (1) and (3)

Article 66 (Transitional Measures Concerning Income Deduction, etc. for Collective Savings Accounts for Housing Subscription)Notwithstanding the amended provisions of Article 87 (2) and (6), the forme

Article 67 (Transitional Measures Concerning Special Taxation on Tax-Free Comprehensive Savings)

A resident who has opened a livelihood savings account under the former Article 88 - 2 as at the time this Act enters into force shall be deemed to have opened a tax-free comprehensive savings account under the amended provisions of Article 88 - 2.

Article 68 (Transitional Measures Concerning Penalty Tax on Failure to Submit Tax-Favored Data)Notwithstanding the amended provisions of Article 90 - 2 (1), the former provisions shall apply to the pena

Article 69 (Transitional Measures Concerning Non - Taxation on Asset - Building Savings) Notwithstanding the amended provisions of Article 91 - 14 (1) 3 and (3), the former provisions shall apply to the pers

Article 70 (Transitional Measures Concerning Tax Credits for Investment in Facilities for Promoting Workers' Welfare)Notwithstanding the amended provisions of Article 94 (4), the former provisions sha

Article 71 (Transitional Measures Concerning Exemption from Securities Transaction Tax)Notwithstanding the amended provisions of subparagraph 20 of Article 117 (1), the former provisions shall apply t

Article 72 (Transitional Measure Concerning Exemption from Acquisition Tax, etc. of Project Financing Investment Companies) Notwithstanding the amended provisions of Article 120 (4) 3, the former provi

Article 73 (Transitional Measures Concerning Corporate Tax Reduction, Exemption, etc. on Start - Up Enterprises, etc. in Enterprise City Development Zones, etc.)

(1) Notwithstanding the amended provisions of Article 121 - 17 (1) 3 and 4, the former provisions may apply to persons granted tax reduction or exemption under the former Article 121 - 17 (1) 3 and 4 as at the time this Act enters into force.

(2) Where a person is eligible for reduction or exemption under either the former provisions or the amended provisions pursuant to paragraph (1), the person shall choose either the former or the amended provisions and apply the same provisions continuously during the period of reduction or exemption.

Article 74 (Transitional Measures Concerning Additional Collection, etc. of Reduced or Exempted Amount of Tax) Notwithstanding the amended provisions of Article 121 - 19 (1), the former provisions shall

ADDENDA <No. 13082, 28. Jan, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 13230, 27. Mar, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <No. 13372, 22. Jun, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 13383, 22. Jun, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 13426, 24. Jul, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 39 Omitted.

ADDENDA <No. 13448, 24. Jul, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 20 Omitted.

ADDENDA <No. 13474, 11. Aug, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 35 Omitted.

ADDENDA <No. 13498, 28. Aug, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force four months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 13499, 28. Aug, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force four months after the date of its promulgation.

Articles 2 through 16 Omitted.

ADDENDA <No. 13560, 15. Dec, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2016: Provided, That the amended provisions of Articles 29 - 5, 126 - 2, and 127 (2) and (3), the amended provisions of Article 132 (1) 3 and (2) 3 (limited to the parts to which Article 29 - 5 is added), and the amended provisions of Article 144 (1) and (2) (limited to the parts to which Article 29 - 5 is added) shall enter into force on December 31, 2015; the amended provisions of Article 104 - 26 (1) 1 on March 2, 2016; the amended provisions of Article 107 - 3 on April 1, 2016; the amended provisions of Articles 106 - 9 (excluding the part concerning the rate of the penalty tax under paragraph (6) of the same Article), 108 - 2, 108 - 3, and 122 - 4 on October 1, 2016; and the amended provisions of Chapter V - 9 (Article 121 - 25) on October 4, 2016, respectively.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years that begin on or after the date this Act enters into force.

(2) The amended provisions concerning value - added tax in this Act shall apply to goods or services that a person supplies or is supplied with, or to goods, an import declaration of which is filed, on or after the date this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax shall apply to the transfers made on or after the date this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Act shall apply to inheritance commencing or an asset conveyed as a gift on or after the date this Act enters into force.

Article 3 (Applicability of Tax Reduction or Exemption for Small or Medium Start - Up Enterprises, etc.)

The amended provisions of Article 6 (3) 28 shall apply beginning from a small or medium enterprise established in an area outside of the over - concentration control region of the Seoul Metropolitan area, an operator of a business incubator designated under Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act, or an enterprise certified as a venture business under Article 25 of the Act on Special Measures for the Promotion of Venture Businesses, on or after the date this Act enters into force.

Article 4 (Applicability of Tax Credits on Payments Settled through Win - Win Payment System)

The amended provisions of Article 7 - 4 shall apply to the payments made for the taxable years that begin on or after the date this Act enters into force.

Article 5 (Applicability of Tax Credits for Investment in Facilities for Research and Human Resources Development)

The amended provisions of Article 11 (1) shall apply beginning from investments in the facilities for research and human resources development, or facilities for commercializing new technologies made on or after the date this Act enters into force.

Article 6 (Applicability of Tax Credits for Technological Innovation - Oriented Merger)

The amended provisions of Article 12 - 3 (1) 2 shall apply beginning from the first merger conducted on or after the date this Act enters into force.

Article 7 (Applicability of Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)

(1) The amended provisions of Article 12 - 4 (1) 2 and 3 shall apply beginning from the stocks or equity shares acquired on or after the date this Act enters into force.

(2) The amended provisions of Article 12 - 4 (2) 3 shall apply where the relevant cause arises on or after the date this Act enters into force.

Article 8 (Applicability of Special Treatment in Payment of Gains from Exercising Stock Options of Venture Businesses)

The amended provisions of Article 16 - 2 (1) 2 and 3 shall apply beginning from stock options granted on or after the date this Act enters into force.

Article 9 (Applicability of Special Taxation on Gains from Investment of Industrial Property Rights in Kind)

The amended provisions of Article 16 - 4 shall apply beginning from investments made on or after the date this Act enters into force.

Article 10 (Applicability of Tax Credits for Investment in Energy - Saving Facilities)

The amended provisions of Article 25 - 2 (1) shall apply where an investment commences on or after the date this Act enters into force.

Article 11 (Applicability of Tax Credits for Small and Medium Enterprises Re - Employing Career - Interrupted Women)

The amended provisions of Article 29 - 3 (1) 2 shall apply where a career - interrupted woman is re - employed on or after the date this Act enters into force.

Article 12 (Applicability of Tax Credits for Enterprises Increasing Jobs for Youths)

The amended provisions of Article 29 - 5 shall apply beginning from the taxable year in which December 31, 2015 falls.

Article 13 (Applicability of Income Tax Reduction, etc. on Payments Received from Performance Compensation Fund for Core Personnel of Small and Medium Enterprises)

The amended provisions of Article 29 - 6 shall apply where a person receives mutual aid payment on or after the date this Act enters into force.

Article 14 (Applicability of Income Tax Reduction or Exemption for Employees of Small or Medium Enterprises)

The amended provisions of Article 30 (1) shall apply beginning from the income paid to persons employed on or after the date this Act enters into force.

Article 15 (Applicability of Tax Credits for Changes of Status to Regular Workers)

The amended provisions of Article 30 - 2 (1) shall apply where an employee ' s status is changed to a regular worker on or after the date this Act enters into force.

Article 16 (Applicability of Special Taxation for Comprehensive Transfer of Assets)

The amended provisions of Article 37 (1) 2 shall apply beginning from an asset transferred on or after the date this Act enters into force.

Article 17 (Applicability of Special Taxation for Assumption and Payment of Debts)

The amended provisions of Article 39 shall apply beginning from debts assumed and paid on or after the date this Act enters into force.

Article 18 (Applicability of Special Taxation for Self - Managed Real Estate Investment Companies, etc.)

The amended provisions of Article 55 - 2 (5) shall apply where a company builds corporate rental housing units or quasi - public rental housing units or purchases any of such housing units, which have never been occupied by any other person before its acquisition, to begin to operate a lease business with such housing units on or after the date this Act enters into force.

Article 19 (Applicability of Special Taxation of Corporate Tax on Incorporated Associations, etc.)

The amended provisions of Article 72 (1) shall apply beginning from the first merger conducted on or after the date this Act enters into force

Article 20 (Applicability of Income Deduction, etc. for Mutual Aid Fund for Small Enterprises and Small Entrepreneurs)

The amended provisions of Article 86 - 3 (1) shall apply where a resident joins in a mutual aid fund for small enterprises and small entrepreneurs on or after January 1, 2016.

Article 21 (Applicability of Income Deduction, etc. for Collective Savings Accounts for Housing Subscription)

The amended provisions of Article 87 (3), (6), and (9) shall apply beginning from a non - homeowner certificate submitted on or after the date this Act enters into force.

Article 22 (Applicability of Special Taxation for Members, etc. of Employee Stock Ownership Association)

The amended provisions of Article 88 - 4 (6) shall apply where taxable, withdrawn stocks are withdrawn on or after the date this Act enters into force.

Article 23 (Applicability of Special Taxation for High - Yield, High - Risk Investment Trusts, etc.)

The amended provisions of Article 91 - 15 (1) shall apply where a person opens an account for a high - yield, high - risk investment trust on or after the date this Act enters into force.

Article 24 (Applicability of Special Taxation for Collective Investment Schemes Only for Investment in Foreign Stocks)

The amended provisions of Article 91 - 17 shall apply beginning from an investment in collective investment securities issued by a collective investment scheme only for

investment in foreign stocks on or after the date this Act enters into force.

Article 25 (Applicability of Special Taxation on Individual Savings Accounts)

The amended provisions of Article 91 - 18 shall apply where a person opens an account on or after the date this Act enters into force.

Article 26 (Applicability of Tax Reduction or Exemption for Small - Housing Rental Business Operators)

(1) The amended provisions of Article 96 (1) shall apply beginning from the income accrued from a lease business on or after the date this Act enters into force.

(2) The amended provisions of Article 96 (2) shall also apply to rental housing units leased as at the time this Act enters into force.

Article 27 (Applicability of Special Cases Concerning Deferment of Tax Collection from Resurgent Small and Medium Entrepreneurs)

The amended provisions of Article 99 - 8 shall apply beginning from an application for deferring collection to be filed on or after the date this Act enters into force.

Article 28 (Applicability of Taxation Related to Labor Encouragement Subsidies)

The amended provisions of Articles 100 - 3 (2) 2 and 100 - 8 (4) shall apply beginning from an application for a labor encouragement subsidy or a subsidy for dependent children to be filed on or after the date this Act enters into force.

Article 29 (Applicability of Special Taxation for 2018 PyeongChang Olympic and Paralympic Winter Games)

The amended provisions of Article 104 - 28 shall apply beginning from the income accruing on or after the date this Act enters into force.

Article 30 (Applicability of Special Cases for Refund of Value - Added Tax on Machinery and Materials for Agriculture, Forestry, and Fisheries)

The amended provisions of Article 105 - 2 (3) 4 shall apply beginning from an application for refund to be filed on or after the date this Act enters into force.

Article 31 (Applicability of Reduction of Customs Duties)

The amended provisions of Article 118 (1) 3 shall apply beginning from an import declaration to be filed on or after the date this Act enters into force.

Article 32 (Applicability of Corporate Tax Reduction or Exemption for Foreign Investment)

(1) The amended provisions of Article 121 - 2 (11) shall also apply to foreign - capital invested companies that obtained a decision on tax reduction or exemption

before this Act enters into force. In such cases, such amended provisions shall start applying to the computation of the reduced amount of tax for the taxable year that begins on or after the date this Act enters into force.

(2) The amended provisions of Article 121 - 2 (13) shall apply beginning from an application for tax reduction or exemption to be filed on or after the date this Act enters into force.

(3) The amended provisions of Article 121 - 2 (14) shall apply where an application is filed for tax reduction or exemption on or after the date this Act enters into force, or where an application for tax reduction or exemption was filed before this Act enters into force, but an initial investment has not been made yet.

Article 33 (Applicability of Special Taxation for Division, etc. of National Federation of Fisheries Cooperatives)

The amended provisions of Article 121 - 25 (excluding the part concerning value-added tax in paragraph (1) of the same Article and paragraphs (7) and (8) of the same Article) shall apply to the taxable year in which December 4, 2016 falls and subsequent taxable years thereafter.

Article 34 (Applicability of Deduction of Medical Expenses, etc. for Compliant Business Operators)

The amended provisions of Article 122 - 3 (1) 2 shall apply beginning from a tax base return to be filed on or after the date this Act enters into force.

Article 35 (Applicability of Tax Credits for Increased Revenue, etc. of Business Operators of Steel Scrap, etc.)

The amended provisions of Article 122 - 4 (1) shall apply where a person opens and reports an account for trading scrap, etc. and supplies, or is supplied with, the goods referred to in Article 106 - 9 (1) 3 or files an import declaration, on or after October 1, 2016.

Article 36 (Applicability of Income Deduction for Amount Spent on Credit Cards, etc.)

The amended provisions of Article 126 - 2 (2) shall apply where an amount of income deduction for credit cards, etc. is calculated for the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

Article 37 (Applicability of Elimination of Overlapping Support)

The amended provisions of Article 127 (2) and (3) shall apply to the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

Article 38 (Applicability of Exclusion from Reduction or Exemption in Cases of Additionally Assessed Taxation, etc.)

The amended provisions of Article 128 (1) shall apply to the determinations, corrections, or returns to be made or filed on or after the date this Act enters into force.

Article 39 (Applicability of Exclusion from Reduction of, or Exemption from, Tax, etc. Short of Minimum Tax)The parts to which Article 29 - 5 shall be added in the amended provisions of Article 132 (1)

Article 40 (Applicability of Tax Credits Carried - Forward)

(1) The parts to which Article 29 - 5 shall be added in the amended provisions of Article 144 (1) and (2) shall apply to the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

(2) The part concerning the period of carried - forward deduction in Article 144 (1) shall apply to the portions carried forward and deducted in the taxable year in which the date this Act enters into force falls.

Article 41 (Special Cases Concerning Tax Credits for Investment in Energy - Saving Facilities)Notwithstanding the amended provisions of Article 25 - 2 (1), the former provisions shall apply to investments

Article 42 (Transitional Measures Concerning Tax Credits for Investment in Facilities for Research and Human Resources Development)Notwithstanding the amended provisions of Article 11 (1), the former

Article 43 (Transitional Measures Concerning Tax Credits for Technological Innovation - Oriented Merger)Notwithstanding the amended provisions of Article 12 - 3 (1) 2, the former provisions shall apply to

Article 44 (Transitional Measures Concerning Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)Notwithstanding the amended provisions of Article 12 - 4 (1) 2 and 3, the former prov

Article 45 (Transitional Measures Concerning Special Treatment in Payment of Gains from Exercising Stock Options of Venture Businesses) Notwithstanding the amended provisions of Article 16 - 2 (1) 2 and

Article 46 (Transitional Measures Concerning Tax Credits for Investment in Energy - Saving Facilities)Notwithstanding the amended provisions of Article 25 - 2 (1), the former provisions shall apply to inv

Article 47 (Transitional Measures Concerning Income Tax Reduction or Exemption for Persons Employed by Small or Medium Enterprises)Notwithstanding the amended provisions of the former part of Article

Article 48 (Transitional Measures Concerning Special Taxation for Gift Tax on Start - Up Funds)Notwithstanding the amended provisions of Article 30 - 5 (2), the former provisions shall apply where a resid

Article 49 (Transitional Measures Concerning Special Taxation for Sale of Assets to Settle Financial Debts of Residents)Notwithstanding the amended provisions of Article 34, the former provisions shal

Article 50 (Transitional Measures Concerning Special Taxation for Comprehensive Transfer of Assets)Notwithstanding the amended provisions of Article 37 (1) 2, the former provisions shall apply to asse

Article 51 (Transitional Measures Concerning Special Taxation for Self - Managed Real Estate Investment Companies, etc.)Notwithstanding the amended provisions of Article 55 - 2 (5), the former provisions

Article 52 (Transitional Measures Concerning Reduction of, or Exemption from, Capital Gains Tax on Site for Livestock Stables)Notwithstanding the amended provisions of the main sentence of Article 69 -

Article 53 (Transitional Measures Concerning Capital Gains Tax Reduction or Exemption for Land, etc. for Public Works Projects)Notwithstanding the amended provisions of Article 77 (1), the former prov

Article 54 (Transitional Measures Concerning Special Taxation for Capital Gains Tax on Compensation by Substitute Land)Notwithstanding the amended provisions of Article 77 - 2 (1), the former provisions

Article 55 (Transitional Measures Concerning Capital Gains Tax Reduction for Mountainous Areas Transferred to State)Notwithstanding the amended provisions of Article 85 - 10 (1), the former provisions s

Article 56 (Transitional Measures Concerning Special Taxation for High - Yield, High - Risk Investment Trusts, etc.) Notwithstanding the amended provisions of Article 91 - 15 (1), the former provisions shal

Article 57 (Transitional Measures Concerning Tax Reduction or Exemption for Small - Housing Rental Business Operators)Notwithstanding the amended provisions of Article 96 (1), the former provisions shal

Article 58 (Transitional Measures Concerning Special Taxation for Capital Gains Tax on Quasi - Public Rental Housing, etc.)Notwithstanding the amended proviso to Article 97 - 3 (1), the former provisions

Article 59 (Transitional Measures Concerning Special Treatment in Payment of Value - Added Tax by Purchasers of Gold - Related Products)Notwithstanding the amended provisions of Article 106 - 4 (7), the for

Article 60 (Transitional Measures Concerning Special Treatment in Payment of Value - Added Tax by Purchasers of Scrap, etc.)Notwithstanding the amended provisions of Article 106 - 9 (6) (limited to the pa

Article 61 (Transitional Measures Concerning Corporate Tax Reduction or Exemption for Foreign Investment)Notwithstanding the amended provisions of Article 121 - 2 (14), the former provisions shall apply

Article 62 (Special Taxation for Individual Consumption Tax, etc. on Golf Courses in Jeju Special Self - Governing Province) Notwithstanding the amended provisions of Article 1 (3) 4 of the Individual C

Article 63 (Transitional Measure Concerning Ceiling on Reduction of, or Exemption from Capital Gains Tax on Farmland Cultivated by Farmer - Owner)Notwithstanding the amended provisions of Article 133 (1

Article 64 (General Transitional Measures Concerning Amendment of Local Taxes)

The former provisions shall apply to local taxes that were imposed, reduced, or exempted or that shall be imposed, reduced, or exempted under the former provisions before this Act enters into force.

Article 65 Omitted.

ADDENDA <No. 13605, 22. Dec, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <No. 13613, 22. Dec, 2015 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <No. 13797, 19. Jan, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <No. 13805, 19. Jan, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force on August 12, 2016.

Articles 2 through 22 Omitted.

ADDENDA <No. 13854, 27. Jan, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <No. 13856, 27. Jan, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <No. 13983, 03. Feb, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <No. 14095, 22. Mar, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 14111, 29. Mar, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 14122, 29. Mar, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <No. 14127, 29. Mar, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <No. 14198, 29. May, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDA <No. 14390, 20. Dec, 2016>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2017: Provided, That the amended provisions of Article 89 - 2 (1) shall enter into force on April 1, 2017.

Article 2 (General Applicability)

(1) The amended provisions concerning income tax (excluding capital gains tax) and corporate tax in this Act, shall begin to apply from taxable years commencing after this Act enters into force.

(2) The amended provisions concerning value - added tax in this Act, shall begin to apply from goods or services that a person supplies or is supplied with, or from goods declared as imported, after this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities transaction tax in this Act, shall begin to apply from transfers made after this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Act, shall begin to apply from inheritance commencing or assets conveyed as a gift after this Act enters into force.

(5) The amended provisions concerning individual consumption tax in this Act, shall begin to apply from goods released from a place of manufacturing or declared as imported after this Act enters into force

(6) The amended provisions concerning customs duties in this Act, shall begin to apply from goods declared as imported after this Act enters into force.

Article 3 (Applicability to Tax Reductions or Exemptions for Small and Medium Start - Up Enterprises, etc.)

The amended provisions of Article 6 (1) shall begin to apply from where an enterprise is incorporated after this Act enters into force.

Article 4 (Applicability to Tax Credits for Contributions to Funds for Collaborative Cooperation)

(1) The amended provisions of Article 8 - 3 (1) and (4) shall begin to apply from the first contribution made after this Act enters into force.

(2) The amended provisions of Article 8 - 3 (2) and (5) shall begin to apply from the first tangible fixed assets leased free of charge after this Act enters into force.

Article 5 (Applicability to Non - Taxation on Gains, etc. from Transfer of Stocks of Small and Medium Business Start - Up Investment Companies, etc.)

The amended provisions of Article 13 (1), (2), and (4), shall begin to apply from investments made after this Act enters into force.

Article 6 (Applicability to Special Taxation for Investment by Domestic Corporations in Venture Businesses, etc.)

The amended provisions of Article 13 - 2 shall begin to apply from investments made after this Act enters into force.

Article 7 (Applicability to Special Taxation on Investment in Accelerators)

The amended provisions of Article 14 (1) and (8) shall begin to apply from stocks or equity shares acquired in return for investments made in an accelerator after this Act enters into force.

Article 8 (Applicability to Income Deductions for Contributions, etc. to Small and Medium Business Start - Up Investment Funds)

The amended provisions of Article 16 (1) and (2) shall begin to apply from investments made to a private equity fund specializing in business start - ups and venture businesses after this Act enters into force.

Article 9 (Applicability to Special Taxation on Gains from Investment of Industrial Property Rights in Kind)

The amended provisions of Article 16 - 4 (1), (2), and (4) shall begin to apply from investments in kind made after this Act enters into force.

Article 10 (Applicability to Special Taxation for Foreign Workers)

(1) Notwithstanding the amended provisions of Article 18 - 2 (2) and (4), special taxation for foreign workers shall apply, by no later than December 31, 2018, to the foreign workers who began to work in the Republic of Korea before January 1, 2014 and are eligible for Article 59 of the Addenda to the Restriction of Special Taxation Act (Act No. 12173) and Article 8 of the Addenda to the Restriction of Special Taxation Act (Act No. 12853) and the amount of income tax shall be determined by multiplying the relevant earned income by 19/100.

(2) The amended provisions of Article 18 - 2 (2) and (4) concerning the deadline for application, shall begin to apply from persons who begin to work in the Republic of

Korea as of January 1, 2014.

(3) Notwithstanding the amended provisions of Article 18 - 2 (2) and (4) concerning tax rates, the former provisions shall apply to income that has accrued before this Act enters into force.

Article 11 (Applicability to Tax Credits for Investment, etc. in Safety Facilities)

The amended provisions of Article 25 (1) shall begin to apply from investments made in facilities for reinforcing earthquake resistance after this Act enters into force.

Article 12 (Applicability to Tax Credit for Investment in Facilities for Commercializing New - Growth Technologies)

The amended provisions of Article 25 - 5 shall begin to apply from investments made in facilities for commercializing new - growth technologies after this Act enters into force.

Article 13 (Applicability to Tax Credit for Production Costs of Video Content)

The amended provisions of Article 25 - 6 shall begin to apply from the production costs of video content spent after this Act enters into force.

Article 14 (Applicability to Special Taxation for Including Depreciation Cost of Assets Invested in Plant and Equipment of Small or Medium Enterprises and Middle - Standing Enterprises in Deductible Exp

(1) The amended provisions of Article 28 - 2 concerning small or medium enterprises, shall begin to apply from assets invested in plant and equipment acquired as of July 1, 2016.

(2) The amended provisions of Article 28 - 2 concerning middle - standing enterprises, shall begin to apply from assets invested in plant and equipment acquired as of January 1, 2016.

Article 15 (Applicability to Reduction or Exemption of Income Tax for Employees of Small or Medium Enterprises)

The amended provisions of Article 30 (1) shall begin to apply from income paid to career - interrupted women reemployed after this Act enters into force.

Article 16 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30 - 2 (1) shall begin to apply from where a worker's status is changed to a regular employee after this Act enters into force.

Article 17 (Applicability to Special Taxation for Enterprises Undergoing Trade Adjustment Assistance whose Business is Converted)

The amended provisions of Article 33 (4) and (5) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 18 (Applicability to Special Taxation for Gains from Debt Relief of Corporations Implementing Financial Restructuring Plans, etc.)

The amended provisions of Article 44 (4) shall begin to apply from tax returns filed after this Act enters into force.

Article 19 (Applicability to Special Taxation for Transfer of Redundant Assets following Merger)

The amended provisions of Article 47 - 4 shall begin to apply from tax returns filed after this Act enters into force.

Article 20 (Applicability to Donation Incentives)

(1) The amended provisions of Article 75 (1) and (10) shall begin to apply from applications filed for the tax credit for a donation after this Act enters into force.

(2) The amended provisions of Article 75 (4) shall begin to apply from statements of applications for donation incentives filed by organizations eligible for donation incentives after this Act enters into force.

Article 21 (Applicability to Special Taxation for Relocating Factories in Areas Subject to Development Plans of Administrative City and Innovation Cities to Rural Areas)

The amended provisions of Article 85 - 2 (4) and (5) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 22 (Applicability to Special Taxation for Capital Gains from Transfer of Land, etc. for Child - Care Centers)

The amended provisions of Article 85 - 5 (3) and (4) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 23 (Applicability to Income Deductions, etc. for Mutual Aid Funds for Small or Micro Enterprises)

(1) The amended provisions of Article 86 - 3 (1) shall begin to apply from deposits paid in a mutual aid fund after this Act enters into force.

(2) The deduction ceilings specified in the amended provisions of Article 86 - 3 (1) shall also apply to persons who joined a mutual aid fund for small or micro enterprises before January 1, 2016.

Article 24 (Applicability, etc. to Submission, etc. of Data on Tax - Favored Savings)

(1) The amended provisions of Article 89 - 2 (1) shall also apply to pension accounts in which deposits, withdrawals, and transfers have been made before April 1, 2017.

(2) Notwithstanding the amended provisions of Article 89 - 2 (1), finance companies, etc. handling pension accounts referred to in Article 20 - 3 (1) 2 of the Income Tax Act, shall forward data on pension accounts in which deposits, withdrawals, and transfers have been made before April 1, 2017 to the agency collecting data on tax - favored savings by not later than April 1, 2017.

Article 25 (Applicability to Special Taxation on In - Kind Investors in Real Estate Investment Companies for Rental Housing)

The amended provisions of Article 97 - 6 (2) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 26 (Applicability to Special Taxation on In - Kind Investors in Publicly - Offering Real Estate Investment Companies)

The amended provisions of Article 97 - 8 shall begin to apply from where a domestic corporation makes an investment in kind in a publicly - offering real estate investment company after this Act enters into force.

Article 27 (Applicability to Special Taxation for Labor Encouragement Subsidies and Child - Care Subsidies)

The amended proviso to Article 100 - 10 (3) (including where the same proviso shall apply mutatis mutandis to child - care subsidies pursuant to Article 100 - 31), shall begin to apply from where a correction is made to a labor encouragement subsidy or a child - care subsidy after this Act enters into force.

Article 28 (Applicability to Special Taxation on Companies for Recapitalization)

The amended provisions of Article 104 - 3 (1) shall begin to apply from tax returns filed after this Act enters into force.

Article 29 (Applicability to Special Cases concerning Calculation of Corporate Tax Base for Shipping Enterprises)

The amended provisions of Article 104 - 10 (2) shall begin to apply from tax returns filed after this Act enters into force.

Article 30 (Applicability to Special Taxation on Dividend Income from Stocks of High Dividend Companies)

The amended provisions of Article 104 - 27 (2) through (4) shall begin to apply from dividends paid at the time of settlement of accounts for the business year in which December 31, 2016 falls and subsequent business years.

Article 31 (Applicability to Accounts for Trading Gold - Related Products)

The amended proviso to Article 106 - 4 (7) shall also apply to payments made through an account for trading scrap, etc. before this Act enters into force.

Article 32 (Applicability to Accounts for Trading Scrap, etc.)

The amended proviso to Article 106 - 9 (6) shall also apply to payments made through an account for trading gold before this Act enters into force.

Article 33 (Applicability, etc. to Reduction or Exemption of Individual Consumption Tax for Replacement of Decrepit Diesel Motor Vehicles)

(1) The amended provisions of Article 109 - 2 (1) shall apply only to a vehicle released from a place of manufacturing or declared as imported during the period between December 5, 2016 and June 30, 2017.

(2) The amended provisions of Article 109 - 2 (1) shall apply only to a new vehicle registered during the period between December 5, 2016 and June 30, 2017.

Article 34 (Applicability, etc. to Reduction or Exemption of Customs Duties for Overseas Korean Enterprises on their Return to Korea)

(1) The amended provisions of Article 118 - 2 (1) shall begin to apply from where an enterprise is incorporated in the Republic of Korea or a place of business is newly established or extended in the Republic of Korea after this Act enters into force.

(2) The amended provisions of Article 118 - 2 (2) shall begin to apply from goods declared as imported, after this Act enters into force.

Article 35 (Applicability to Special Taxation for Gains from Debt Relief of Corporations Implementing Corporate Restructuring Plans)

The amended provisions of Article 121 - 29 (3) shall begin to apply from tax returns filed after this Act enters into force.

Article 36 (Applicability to Special Taxation for Transfer of Redundant Assets following Merger)

The amended provisions of Article 121 - 31 (1), (2), and (4) shall begin to apply from tax returns filed after this Act enters into force.

Article 37 (Applicability to Special Cases concerning Distribution Ratio of Stocks upon Merger under Corporate Restructuring Plan)

The amended provisions of Article 121 - 32 shall begin to apply from mergers conducted after this Act enters into force.

Article 38 (Transitional Measures concerning Tax Credits for Contributions to Funds for Collaborative Cooperation)Notwithstanding the amended provisions of Article 8 - 3 (1) 2 and (4), the former provis

Article 39 (Transitional Measures concerning Tax Credits for Investment in Facilities for Research and Human Resources Development)Notwithstanding the amended provisions of Article 11 (2) 3, the forme

Article 40 (Transitional Measures concerning Special Taxation for Transfer, Acquisition, etc. of Technology)Notwithstanding the amended provisions of Article 12 (1) and (2), the former provisions shal

Article 41 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by High - Tech Enterprises, etc. that Occupy Special Research and Development Z

Article 42 (Transitional Measures concerning Tax Credits for Technological Innovation - Oriented Mergers)Notwithstanding the amended provisions of Article 12 - 3 (1) 3, the former provisions shall apply t

Article 43 (Transitional Measures concerning Tax Credits for Acquisition of Technological Innovation - Oriented Stocks)Notwithstanding the amended provisions of Article 12 - 4 (1) 2 and 4, the former prov

Article 44 (Transitional Measures concerning Ceiling on Prices of Stock Options Exercised by Executive Officers and Employees of Venture Businesses)Notwithstanding the amended provisions of Article 1

Article 45 (Transitional Measures concerning Tax Credits for Investment in Facilities to Improve Quality Control of Medical Supplies)Notwithstanding the amended provisions of Article 25 - 4 (1), the for

Article 46 (Transitional Measures concerning Tax Credits for Employment - Creating Investment)Notwithstanding the amended provisions of Article 26 (1) 2, the former provisions shall apply to investments

Article 47 (Transitional Measures concerning Tax Credits for Small and Medium Enterprises Re - Employing Career - Interrupted Women)Notwithstanding the amended provisions of Article 29 - 3 (1) 3, the former

Article 48 (Transitional Measures concerning Special Taxation for All - Inclusive Share Swap) Notwithstanding the amended provisions of Article 38 (1), the former provisions shall apply to all - inclusive

Article 49 (Transitional Measures concerning Mutual Aid Funds for Small or Micro Enterprises) Notwithstanding the amended provisions of Article 86 - 3 (5) through (7), the former provisions shall apply

Article 50 (Transitional Measures concerning Special Taxation for Labor Encouragement Subsidies and Child - Care Subsidies) Notwithstanding the amended provisions of Articles 100 - 3 (1) 3, 100 - 5 (1), 100

Article 51 (Transitional Measures concerning Tax Reduction or Exemption for Overseas Korean Enterprises on their Return to Korea) Notwithstanding the amended provisions of Article 104 - 24 (1), the forme

Article 52 (Transitional Measures concerning Tax Credits for Electronic Commerce of Petroleum Products) Notwithstanding the amended provisions of Article 104 - 25 (1), the former provisions shall apply t

Article 53 (Transitional Measures concerning Reduction or Exemption of Individual Consumption Tax for Replacement of Decrepit Diesel Motor Vehicles) Notwithstanding Article 33 of the Addenda, a manufac

Article 54 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Foreign Investment) Notwithstanding the amended provisions of Articles 121 - 2 and 121 - 5, the former provisi

Article 55 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Enterprises that Occupy Jeju Science Park) Notwithstanding the amended pro

Article 56 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Enterprises that Occupy Jeju Investment Promotion Zone or Jeju Free Trade

Article 57 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Start - Up Enterprises, etc. in Enterprise City Development Zones, etc.) Notw

Article 58 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Enterprises, etc. that Occupy Investment Promotion Zone for Asian Cultural

Article 59 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Start - Up Enterprises, etc. in Financial Hubs)
Notwithstanding the amended p

Article 60 (Transitional Measures concerning Reduction or Exemption of Corporate Tax, etc. for Service Businesses Operated by Enterprises, etc. that Occupy High - Tech Medical Complexes)Notwithstanding

Article 61 (Transitional Measures concerning Tax Credits Carried - Forward)
Notwithstanding the amended provisions of Article 144 (3), the former provisions shall apply to investments made before this Ac

ADDENDA <No. 14481, 27. Dec, 2016 >

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2017. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 14760, 18. Apr, 2017 >

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Tax Credits for Enterprises Increasing Jobs for Youths)

The amended provisions of Article 29 - 5 (1) shall begin to apply from the tax credit for regular youth employees who increase during the taxable year in which this Act enters into force.

Article 3 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30 - 2 shall begin to apply from the tax credit for employees whose status is changed to regular employees during the taxable year in which this Act enters into force.

Article 4 (Applicability to Eligibility to Apply for Labor Encouragement Subsidies)

The amended provisions of Article 100 - 3 (1) 1 (c) and (d) shall begin to apply from income attributable to the taxable year in which this Act enters into force.

Article 5 (Applicability to Eligibility to Apply for Child Care Subsidies)

The amended provisions of Article 100 - 28 (1) 4 shall begin to apply from an application for a child care subsidy filed after this Act enters into force.

Article 6 (Transitional Measures concerning Tax Credits for Employment - Creating Investment) Notwithstanding the amended provisions of the main sentence of Article 26 (1) 2, the former provisions shall