Due to the continuous changes in real estate laws and regulations, the contents of this booklet may not simultaneously reflect such changes. Therefore, when using the information provided in this booklet for business purposes, please confirm the accuracy of the information.

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☎ (82 2) 3460–7545, Fax: 3460–7946
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I. FOREIGNER'S LAND ACQUISITION SYSTEM

1. Overview of the System

- *The Foreigner's Land Acquisition Act (FLAA)* stipulates general matters related to land acquisition by foreign nationals in Korea.
- *The Foreign Investment Promotion Act (FIPA)* stipulates matters regarding tax reduction or exemption in the case where land acquisition by a foreigner satisfies the criteria of foreign direct investment (FDI), or matters regarding benefits a foreigner acquiring national or public properties (including land and factories) can enjoy.
- *The Foreign Exchange Transactions Act (FETA)* stipulates matters regarding inflow/outflow of foreign currencies generated through land acquisition by a foreign national.

<table>
<thead>
<tr>
<th>Subject</th>
<th>FLAA</th>
<th>FIPA</th>
<th>FETA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subject</strong></td>
<td>Foreign nationals (individuals, corporations of foreign countries, corporations of Korea of which 50% or more shares is owned by foreign nationals) * Excluding those with permanent residence</td>
<td>Foreign nationals (individuals, corporations of foreign countries) * Including those with permanent residence</td>
<td>Non-residents * Those with permanent residence are included as non-residents, but are not subject to real estate acquisition notification</td>
</tr>
<tr>
<td><strong>Contents</strong></td>
<td>Notification is required in cases where a foreign national acquires land in Korea (Land Acquisition Notification)</td>
<td>FDI notification is required in cases where investment by a foreign national falls into the definition of FDI provided in FIPA (FDI Notification)</td>
<td>Notification is required in cases where a person who does not reside in Korea acquires real estate or related rights to such property (Real Estate Acquisition Notification)</td>
</tr>
<tr>
<td><strong>Place and Period of Notification</strong></td>
<td>Land Registration Division of the competent city/county/district Within 60 days from the agreement date of the contract</td>
<td>Head office/branches of foreign exchange banks, Invest KOREA Prior to remittance of investment capital</td>
<td>Head office/branches of foreign exchange banks When withdrawing funds for real estate acquisition</td>
</tr>
</tbody>
</table>
2. Foreigner’s Land Acquisition Act (FLAA)

- Foreign nationals can acquire land in Korea through simple notification, with the exception of land subject to prior permission.
  - Information about the necessity of prior notification or permission can be obtained from relevant divisions of the city/county/district offices.

- The FLAA deals only with the ownership of land. Thus, if real estate other than land such as building or real estate-related rights (jeonse, mortgage etc.) is acquired, there is no need for notification according to the FLAA. Such cases can be notified according to FETA.
  ** It is common practice in Korea not to sell land and buildings separately.

- In the case of permission for land acquisition, the application needs to be filed prior to the sales contract (different from notification of land acquisition).

- Definition of Foreign National

  - Foreign national subject to the FLAA claims to be an individual, a corporation or a group prescribed as follows: (Article 2 of the FLAA)
    - Individual
      An individual is a person who does not possess Korean nationality. In the case where a Korean national has obtained a foreign nationality without notifying the loss of the Korean nationality, such person shall be regarded as a foreign national from the date on which the foreign nationality was obtained (Article 15 of the Nationality Act).

    - Corporation or Group
      1. A corporation or a group that was established in accordance with foreign laws:
2. A corporation or a group that was established under Korean laws, but
one for which more than half of the employees or members, or the staff
such as persons in charge of business operation or directors, do not
possess Korean nationality;
3. A corporation or a group that was established under Korean laws, but
one for which more than half of the capital stocks or voting rights are
owned by an individual who does not possess Korean nationality; or a
corporation or group established in accordance with foreign laws.

- Overseas Korean National
  Since an “overseas Korean national” possessing permanent residence in a
foreign country is a Korean national, such person is not subject to the
FLAA; thus land acquisition notification is not required.

Land Acquisition Through Notification

- Land acquisition through contract
  - Subject of notification: land acquired through a contractual agreement
    (excluding land subject to permission)
  - Period: within 60 days from the agreement date of the contract
  - Place: Land Registration Division of the competent city/county/district office
  - Required documents:
    - Transcript of land registration;
    - Land acquisition contract;
    - Photo identification (when notification is filed through a proxy, IDs of both
      proxy and the foreigner acquiring land are required)

 1) Processing period: On-the-spot (less than 3 hours)

- Land acquisition by other causes than a contract
  - Causes of acquisition other than by contract: inheritance, auction, exercise of
    redemptive right, final judgement of a court of law
- Period: within six months from the acquisition date

  * In case of...
  * inheritance: within 6 months from the date of predecessor's death
  * auction: within 6 months from the date of successful bid
  * redemptive right: within 6 months from the date of repurchase agreement
    or of deposit for repurchase
  * judicial decision: within 6 months from the date of the final court decision

- Place: Land Registration Division of the competent city/county/district office

- Required documents:
  * Transcript of land registration:
  * Photo identification:
  * Document verifying the cause of acquisition other than by contract.

  * In case of...
  * inheritance: document verifying the inheritor
  * auction: notice of successful bid
  * redemptive right: document verifying repurchase (repurchase agreement)
  * judicial decision: final judgement of a court of law

- Processing period: On-the-spot (less than 3 hours)

**Continuous holding of land**

- Subject of notification: a Korean national or a Korean corporation intending to keep land after changing to "foreign national"as stipulated in the FLAA
- Period: Within 6 months from changing nationality
- Place: Land Registration Division of the competent city/county/district office

- Required documents:
  * Transcript of land registration
  * Document verifying change of nationality
  * Photo identification

- Processing period: On-the-spot (less than 3 hours)
• Land Acquisition Subject to Prior Permission

- Subject: land in military installation reservations; naval bases; military air base areas; cultural property protection zones; ecosystem preservation districts; islands necessary for military purposes; green belt zones
- Period: prior to the contractual agreement
- Place: Land Registration Division of the competent city/county/district office
- Required documents:
  - Transcript of land registration;
  - Land acquisition contract concluded by both parties;
  - Photo identification
- Processing period: Within 15 days from the filing date of the application
* The head of city/county/district office must grant permission on the condition that the acquisition of land located in the said designated areas does not cause any inconveniences in such areas (Article 4.3 of the FLAA)
# Confirmation (Application) of Land Use Plan

* Please fill out the parts in bold line

<table>
<thead>
<tr>
<th>Contents</th>
<th>Applicant</th>
<th>Lot number</th>
<th>Classification</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Land Use</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usage Zones</td>
<td>(city/quasi city/farm land/quasi farm land/preservation of natural environment)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usage Districts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of Development Planning</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2 Urban Planning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usage Zones</td>
<td>Residential (exclusive/general/quasi) Commercial (central/general/neighborhood/distribution) Industrial (exclusive/general/quasi) Green belt (preservation/production/nature)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usage Districts</td>
<td>Scenic/aesthetic (grade: 12345)/apartment Height: (below/over) M: story ( ): others ( )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Planning Business</td>
<td>Road(conflict/adjacent)/park/others( )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Development Business</td>
<td>Land readjustment/preparation of a housing and factory site/redevelopment/preparation of urban district</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Districts</td>
<td>Development-limited district(inside/conflict)/minute planning district(refer to the competent office for details)/others( )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>Urban planning draft/urban development business/(housing) land development business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3 Military Installation</strong></td>
<td>Military installation preservation zone/navy base zone/military airplane base/(flight safety zone/base protection zone)</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4 Agricultural Land</strong></td>
<td>Agriculture zone (promotion/protection)</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5 Forest Land</strong></td>
<td>Forest conservation (production/public interest)</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6 Natural Parks</strong></td>
<td>Park zone/protection zone for park</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7 Water Supply</strong></td>
<td>Protection zone for water source/zone subject to special measure to conserve water/water boundary zone</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8 River</strong></td>
<td>River zone/planned river/coastal zone/planned dam construction zone</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>9 Cultural Assets</strong></td>
<td>Cultural assets/protection zone for cultural assets</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10 Rural Development</strong></td>
<td>Rural development zone (power plant/substation)/planned rural development zone</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>11 Trade of Land</strong></td>
<td>Permitted zone</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I certify matters of the Land Use Plan for the land subject to acquisition as stated above.

Fee

(year/month/day) / /

Signature (by Major/Chief Officer of County or District)

KRW 1,000 (KRW 2,000 if filed at city/county/district office other than that of the location of the land)
3. Foreign Investment Promotion Act (FIPA)

- In the case where land in Korea is acquired for commercial purposes (e.g., office building, factory site, rental housing), land acquisition notification has to be made after FDI company registration.

- In the case where a foreign national or foreign company owns 50% or more of the shares of a foreign-invested company, the company shall file a land acquisition notification since it is considered a foreign national according to the FLAA. However, if the foreign national or company owns less than 50% of the shares of a foreign-invested company, a land acquisition notification is not required since the company is not regarded as a foreign national.

4. Foreign Exchange Transaction Act (FETA)

- The Foreign Exchange Transactions Act (FETA) applies to real estate trade in the case where such trade is accompanied with the inflow/outflow of foreign currencies.

- Details of FETA related to real estate trade are described later in Chapter III (pp. 18).

5. General Real Estate Regulations in Korea

- Regulations Related to Land Acquisition

- According to Art.117 of the Act on the Utilization and Management of the National Territory, acquisition of land located in the trade-permitted zone
requires permission from the head of the competent city/county/district office prior to the contractual agreement.

- According to the regulations stipulated in the Farmland Act, there are no limitations on the area of farmland needed for direct farming by oneself that can be owned. In that case, the person must obtain a "Certificate for Farmland Acquisition". This certificate is only issued in the case where a person acquiring the farmland is actually operating agricultural activities on the said land. Thus, it is, in principal, impossible for a foreign national who is not residing in Korea to acquire farmland.

- Regulations Related to Land Use

- Land in Korea is divided into four areas of specific use according to the Act on the Utilization and Management of the National Territory: (1) urban area, (2) administrative area, (3) agricultural and forest area, and (4) natural environment preservation area. The activities conducted in these areas are restricted as prescribed by the said Act.

  - Use of the land located in the areas stated above is also subject to individual restrictions as stipulated by laws such as the Urban Planning Act and the Building Act.

  - The Seoul metropolitan area is divided into three regions, according to the Seoul Metropolitan Area Readjustment Planning Act, in order to alleviate the problems caused by the over-concentration of population and industrial facilities in the area. Such regions are: (1) over-concentration control region, (2) growth management region, and (3) nature preservation region. Use of the land located in the said regions is restricted as follows:

  1) Activities in each region are limited as stipulated in the said Act;

  2) In the case where a person desires to construct office / commercial / public office buildings in the over-concentration control region, such person shall pay the over-concentration charge;
3) The allowable scale of construction or expansion for factories and schools is limited as stipulated in the said Act.

• A person intending to acquire land in Korea can find out the restrictions imposed on such land from the “Confirmation of Land Use Plan” issued by the competent city/county/district office that has jurisdiction over the said land.

Regulations Related to Land Development

In the case where development businesses, such as residential land development, industrial complex development, city redevelopment projects and tourist resort complex development described in the Restitution of Development Gains Act, are executed, the developer shall pay 25% of the amount of the gains made from such development.

* However, this fee is not levied on land in the metropolitan area from January 2004 and in the rural area from January 2002 until relevant laws are stipulated.
II. PROCEDURES FOR LAND ACQUISITION BY FOREIGNERS

• In the case where a foreign national acquires land in Korea, laws and procedures applying to such acquisition are different in accordance with purposes of acquisition, whether the foreign national resides in Korea or not, and whether such a national is an individual or a corporation.

• In the case where a foreign national acquires real estate for commercial purposes (e.g., leasing real estate), the foreign national must file FDI notification pursuant to FIPA in addition to land acquisition notification pursuant to the FLAA. Also, if a foreign national is a non-resident as stipulated in FETA, he/she must additionally file a real estate acquisition notification.

1. FDI Company and Domestic Branch of Foreign Company

• In the case where a foreign national establishes an FDI company pursuant to FIPA to engage in profit-making activities, and acquires real estate for commercial purposes (e.g., purchase of commercial building, factory site, etc.) under the name of the same FDI company, then the acquisition process is as follows:

※ When opening a branch in Korea, a foreign national can acquire real estate under the name of such branch after filing a "Branch Establishment Notification" and "Branch Registration" (FIPA does not apply in this case)

• Applicable laws: Foreigner's Land Acquisition Act (FLAA), Foreign Investment Promotion Act (FIPA), Registration of Real Estate Act
<table>
<thead>
<tr>
<th>Procedure</th>
<th>Place</th>
<th>Matters to be Noted</th>
</tr>
</thead>
</table>
| **FDI Notification**            | Head office/branches of foreign exchange banks Invest KOREA | **Period:** Prior to remitting investment capital  
**Person:** Foreign investor or proxy (when applying through a proxy, a power-of-attorney is required)  
**Required documents:** FDI notification form (provided)  
**Processing period:** On-the-spot (issuance of notification certificate) |
| **Business Establishment**      | Proxy service provided by Invest KOREA     | **Period:** In the case of a corporation, the registration is usually made simultaneously with the establishment of the corporation; in the case of a personal business, the registration is made within 20 days after starting the business. However, in cases where the commercial real estate (e.g., building) is constructed or purchased, the registration must be made before the contractual agreement or the ownership transfer of such real estate in order to receive value-added tax reimbursement.  
**Required documents:** Transcript of company registration (company) or copy of FDI notification (individual business) |
| **Business Registration**       | District tax office Invest KOREA            | **Period:** Within 30 days after the payment required is completed  
**Required documents:** Certificate of foreign currency purchase; transcript of company registration (company) or certificate of business registration (individual business) |
| **FDI Company Registration**   | Same institution where FDI notification was made | **Period:** Same as above  
**Required documents:** Same as above |
FDI companies that currently engage in business activities in Korea only need to file (1) Land Acquisition Notification and (2) Registration of Real Estate when acquiring land in Korea.

**Guideline for Procedures for Land Acquisition by Foreigners**

<table>
<thead>
<tr>
<th><strong>Real Estate Acquisition Contract &amp; Payment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>↓</strong></td>
</tr>
<tr>
<td><strong>Land Acquisition Notification</strong></td>
</tr>
<tr>
<td><strong>Period:</strong> Within 60 days from the date of the contract</td>
</tr>
<tr>
<td><strong>Required documents:</strong> Real estate acquisition contract; Transcript of real estate registration</td>
</tr>
<tr>
<td><em>Applicable only when FDI ratio is 50% or more</em></td>
</tr>
<tr>
<td><strong>↓</strong></td>
</tr>
<tr>
<td><strong>Registration of Real Estate</strong></td>
</tr>
<tr>
<td><strong>Registry office where the land is located</strong></td>
</tr>
<tr>
<td><strong>Period:</strong> Within 60 days from the date of the contractual agreement (completion of payment)</td>
</tr>
<tr>
<td><strong>Required documents:</strong> Transcript of company registration (individual: copy of foreigner registration); application form (provided); document verifying the grounds of registration (certified contract); registration certificate for rights of the person entitled to registration</td>
</tr>
<tr>
<td>*When applying through a proxy, a power-of-attorney with mandator’s signature is required.</td>
</tr>
<tr>
<td><em>For more information: Registry Division of the Ministry of Court Administration (☎ 3480-1394)</em></td>
</tr>
</tbody>
</table>
2. Resident Foreign National

- When a foreign national residing in Korea acquires real estate for residential purposes (e.g., apartment), he/she is not subject to notification under FETA; he/she simply needs to file a land acquisition notification to the government authority within 60 days from the date of the sales contract agreement, and then file a "Registration of Transfer of Ownership".

- Applicable laws: FLAA, Registration of Real Estate Act

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Place</th>
<th>Matters to be Noted</th>
</tr>
</thead>
</table>
| Real Estate Acquisition Contract & Payment    | Land Registration Division of the competent city/county/district office | Period: Within 60 days from the date of the contract  
Required documents: Real estate acquisition contract; transcript of real estate registration |
| Land Acquisition Notification                  |                              | **Period:** Within 60 days from the date of the contract  
**Required documents:** Real estate acquisition contract; transcript of real estate registration |
| Registration of Real Estate                   | Registry office where the land is located | **Period:** Within 60 days from the date of the contract (completion of payment)  
**Required documents:** Copy of alien registration (branch: transcript of branch registration); registration application form (provided); document verifying the grounds of the registration (approval contract); certificate of registration concerning the right of the person entitled to registration; transcript of real estate registration  
* When applying through a proxy, a power-of-attorney with mandator’s signature is required.  
* For more information: Registry Division of the Ministry of Court Administration (☎ 3480-1394) |
3. Non-Resident Foreign National

- In principle, a foreign national not residing in Korea must file a "Real Estate Acquisition Notification" pursuant to FETA, if he/she wants to acquire real estate in Korea prior to remitting the funds for acquisition. Then a land acquisition notification under the FLAA has to be filed (if the real estate is land) take required procedures for "Registration of Transfer of Ownership"

- Applicable laws: FLAA, FETA, Registration of Real Estate Act

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Place</th>
<th>Matters to be Noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Acquisition Contract</td>
<td>Head office/branches of foreign exchange banks</td>
<td>Period: When withdrawing funds for real estate acquisition Required documents: Real estate acquisition contract; written statement of real estate appraisal or certificate of declared value of the real estate; transcript of real estate registration Notice: - Notification must be made when applying for both the real estate acquisition and real estate-related rights (e.g., lease/real rights). - When making an overseas remittance of funds for real estate disposition, a real estate acquisition notification must be submitted to the bank. - <em>Regarding eligibility of notification exemption, see chapter III</em></td>
</tr>
</tbody>
</table>
## II. PROCEDURES FOR LAND ACQUISITION BY FOREIGNERS

### Land Acquisition Notification

- **Period**: Within 60 days from the date of the contract
- **Required documents**: Real estate acquisition contract; transcript of real estate registration
- *When acquiring real estate (e.g., building) excluding land and other real estate-related rights (e.g., mortgage, right to registered lease, etc.), land acquisition notification is not required.*

### Applying for Real Estate Registration Number

- **Individual**
  - **Place**: Seoul Immigration Office (☎ 650-6237)
  - **Required documents**: Certificate of land acquisition notification; copy of passport
- **Corporation**
  - **Place**: Land Registration Division of the competent city/county/district office
  - **Required documents**: Certificate of land acquisition notification; document verifying the identity of the company (e.g., address, representative’s name, registration of company issued from the respective country)

When applying through a proxy, proxy’s ID and a notarized power-of-attorney are required.

### Registration of Real Estate

- **Period**: Within 60 days from the date of the contract (completion of payment)
- **Required documents**: Document verifying the address/real estate registration; registration application form (provided); document verifying the grounds of the registration (approval contract); certificate of registration rights; transcript of real estate registration
- *When applying through a proxy, a notarized power-of-attorney is required.*
- *For more information: Registry Division of the Ministry of Court Administration (☎ 3480-1394)*
4. Overseas Korean National

- Since those with permanent residence of a foreign country are still Korean nationals, they are not subject to "Land Acquisition Notification" when acquiring land in Korea. They are also excluded from "Real Estate Acquisition Notification" pursuant to FETA whether they reside in Korea or not.

- In the case where Korean nationals abroad have a Korean registration number, they can take the same procedures as Korean nationals when applying for real estate registration. However, in cases where such number has been cancelled, they need to obtain a "Registration Number for Real Estate Registration".

- Applicable laws: Registration of Real Estate Act

* Since, unlike Korean nationals abroad, foreign citizens are considered foreign nationals, they need to file a "Land Acquisition Notification" pursuant to the FLAA and "Real Estate Acquisition Notification" pursuant to FETA.

**Procedure**

<table>
<thead>
<tr>
<th>Real Estate Acquisition Contract</th>
<th>Registry Division of Seoul District Court (☎530-1892)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applying for for Real Estate Registration Number</td>
<td>Required documents: Document verifying the address or document verifying that a person resides in a foreign country</td>
</tr>
<tr>
<td>Registration of Real Estate</td>
<td>Registry office where the land is located</td>
</tr>
<tr>
<td>Period: Within 60 days from the date of the contract agreement (completion of payment)</td>
<td></td>
</tr>
<tr>
<td>Required documents: Document verifying address or document verifying that a person resides in a foreign country; registration application form (provided); document verifying the grounds of the registration (approval contract); certificate of registration concerning the right of the person entitled to the registration; transcript of real estate registration</td>
<td></td>
</tr>
<tr>
<td>* When applying through a proxy, a power-of-attorney with mandator's signature is required.</td>
<td></td>
</tr>
<tr>
<td>* For more information: Registry Division of the Ministry of Court Administration (☎3480-1394)</td>
<td></td>
</tr>
</tbody>
</table>

GUIDE TO FOREIGNER’S LAND ACQUISITION IN KOREA
1. What is a Registration Number for Real Estate Registration?

1) When applying for real estate registration, a registration number should be issued before applying for the registration (Article 40 of the Registration of Real Estate Act).

2) Registration Number System and Relevant Laws and Acts

- **Korean Nationals and Companies**: The number is replaced with the registration number for Korean residents, or with the business registration number (Article 41 of the same Act).
  ※ The business registration number is issued at the competent registry office when registering the establishment of a company.

- **Resident Foreign Nationals**: The number is replaced with the alien registration number.
  ※ According to the Immigration Control Act, those whose sojourn period in Korea is less than 90 days are regarded as non-resident foreign nationals.

- **FDI Companies and Branches of Foreign Companies**: The number is replaced with the business registration number (Article 41-2 of the same Act).

- **Non-Resident Foreign Individuals**: The number is issued at the Seoul Immigration Office (Article 41-2 of the same Act).

- **Non-Resident Foreign Companies**: The number is issued at the Land Registration Division of the competent city/county/district office (Article 41-2 of the same Act).

- **Korean Nationals Abroad Without a Korean Registration Number**: The number is issued at the Registry Division of Seoul District Court.

2. Required Documents for Application of Registration Number for Real Estate Registration

1) Non-Resident Foreign Individual

- Land acquisition certificate; copy of passport (or document verifying foreign nationality).
  ※ When applying through a proxy, proxy’s ID, a power-of-attorney, and certificate of mandator’s signature are required.

2) Non-Resident Foreign Company

- Documents verifying the registration of the foreign company issued from the respective country.

- Documents verifying the identification of the company’s representative or administrator.

- Documents verifying the residence of the company’s representative or administrator.
III. REMITTING CAPITAL FOR REAL ESTATE TRANSACTIONS

According to the Foreign Exchange Transactions Act (FETA), funds related to real estate trade are mainly divided into (1) capital carried in person or remitted from overseas, and (2) capital generated in Korea.

In the case where a real estate transaction is conducted with capital from overseas (e.g., carried in person or remitted), remittance of the capital to and from overseas for real estate transaction is guaranteed under the law to both residents and non-residents as long as required notification to foreign exchange bank is filed.

Overseas remittance of the sales amount of real estate that was acquired with the capital generated in Korea is subject to notification to the Governor of the Bank of Korea.

1. FDI Company and Domestic Branch of Foreign Company

- Remittance from a Foreign Country

As described in Chapter II: Procedures for Land Acquisition by Foreigners, foreign investors intending to file FDI company registration have to remit the capital for real estate acquisition after completing FDI notification and all preparatory procedures for real estate acquisition.

In the case of a domestic branch of a foreign company, the branch can acquire real estate after sending the capital in the form of working capital to Korea through a designated foreign exchange bank.
Remittance to a Foreign Country

- When remitting the sales amount of real estate overseas, an FDI company usually has to remit such amount as a capital decrease or dividends; and a branch of a foreign company has to remit the amount as revenue.

- In the case of a domestic branch of a foreign company, a capital decrease of working capital, except the remittance of capital from the closing of the branch, is not accepted.

- Carrying-out procedures: In the case where an FDI company sells real estate used for commercial purposes, the company can remit the capital overseas after filing "Notification of Transfer of Shares" and "Notification of Carrying-out Funds" to a foreign exchange bank.

**Notification of Transfer of Shares** (Article 23 of FIPA)
- Period: Within 30 days from the date of the transfer agreement
- Place: Foreign exchange banks, Invest KOREA
- Required documents: Copy of real estate sale/purchase contract; copy of certificate confirming tax paid (or to be paid)

※ In case of business liquidation, cancellation of FDI company registration must be made

**Notification of Overseas Remittance of Funds** (Article 4-3 of the Regulations of Foreign Exchange Transactions)
- Period: When remitting funds overseas
- Place: Foreign exchange banks
- Required documents: Sales contract; document verifying transfer of shares; copy of passport / copy of alien registration certificate; certificate of foreign currency purchase (applied to non-residents and resident foreign nationals whose sojourn period is less than 5 years); copy of certificate confirming tax paid (or to be paid)
2. Resident Foreign National

- Remittance of Capital From Overseas
  
  • In the case where a foreign national residing in Korea purchases real estate for residence or non-commercial purposes, he/she can remit funds from overseas and acquire real estate without filing notification pursuant to FETA.

- Overseas Remittance of Capital
  
  • The sales amount of real estate that was acquired with the funds remitted from overseas can be remitted overseas as long as a "Notification of Remittance of Funds" is made to a foreign exchange bank (Article 2-3 (1) of the Regulations of Foreign Exchange Transactions).

  • Otherwise, where real estate has been purchased with capital generated in Korea, overseas remittance of the sales amount of real estate is subject to notification to the Governor of the Bank of Korea (Article 2-3 (1) of the Regulations of Foreign Exchange Transactions).

3. Non-Resident Foreign National

- In general, when a foreign national who does not reside in Korea purchases real estate for non-commercial purposes, he/she must file a "Real Estate Acquisition Notification" to a foreign exchange bank. And when remitting the sales amount of the real estate overseas, he/she has to file the required notification.

- Overseas remittance of the sales amount of real estate for which a "Real Estate Acquisition Notification" has not been filed is subject to notification to the Governor of the Bank of Korea.
A foreign national who does not reside in Korea (including a foreign corporation) may acquire real estate for non-commercial purposes; however, when acquiring real estate for commercial purposes (e.g., rent), he/she has to first establish a corporation or a branch in Korea pursuant to Article 614 of the Commercial Act.

* If real estate in Korea was acquired under the name of a foreign company and another Korean company was established in order to conduct commercial activities, then the ownership of the real estate also has to be changed to that of the Korean company. In such case, taxes along with the change of ownership (acquisition and registration tax) have to be paid twice.

In the case where a foreign company leases real estate to a domestic corporation after acquiring such estate from the said corporation (sale & lease), it is still considered to be a commercial activity; thus, the foreign company must establish a company or a branch in Korea.

Remittance of Capital from Overseas

1. Matters Subject to Notification to the Head of a Foreign Exchange Bank (Real Estate Acquisition Notification: Article 7-45 of the Regulations of Foreign Exchange Transactions)

Subject to notification: In the case where a non-resident acquires real estate or related rights to such real estate (e.g., real/lease rights), and such acquisition falls under the following:

a. Where real estate is acquired through capital, which was carried in personally or was remitted from overseas;

b. Where real estate or its related rights are acquired through mortgage rights or the execution of such rights pertaining to the trade which is made rightfully with a resident;

c. Where a non-resident acquires real estate or its related rights from another non-resident who acquired real estate with capital carried in personally or was remitted from overseas (as in "a").
• Period of notification: When withdrawing the capital for real estate acquisition from a bank

• Place: Head office / branches of foreign exchange banks

• Required documents: Real estate acquisition contract; lease agreement notification form (if subject to lease); collateral notification form (from resident to non-resident); written real estate sales contract; document verifying acquisition of collateral

• Notice:
  a. When making overseas remittance of the sales amount of the real estate, a "Certificate of Real Estate Acquisition Notification" must be submitted to the bank remitting the funds.
  b. Unlike "Land Acquisition Notification", "Real Estate Acquisition Notification" also includes the acquisition of building-only and real estate-related rights as well as ownership rights of land.

2. Matters not Subject to Notification or Permission
   (Article 7-45 of the Regulations of Foreign Exchange Transactions)

• In the case where a non-resident acquires real estate or related rights, and the acquisition falls under one of the following, such person does not need to file notification or apply for permission.

  a. Where a non-resident holding mining rights acknowledged in accordance with the "Submarine Mineral Resources Development Act" acquires real estate or related rights;
  b. Where a non-resident rents real estate in Korea for residential purpose of himself/herself, family/relatives, employees;
  c. Where a non-resident who is a Korean national acquires real estate or related rights in Korea;
  d. Where a non-resident acquires real estate other than land, and related rights from another non-resident in Korea.
## Residents and Non-Residents Stipulated in the Foreign Exchange Transactions Act

<table>
<thead>
<tr>
<th>Item 12, 13 of Article 3 (1) of the Act</th>
<th>Residents</th>
<th>Non-Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Any individual who has a domicile or residence in Korea, and any corporation whose main office is located in Korea - Branches, local offices, and any other offices of non-residents in Korea</td>
<td>- Any individual and any company other than residents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 10 of the Enforcement Decree of the Act</th>
<th>Residents</th>
<th>Non-Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Overseas diplomatic missions of Korea - Organizations, agencies or other equivalent entities whose main offices are located in Korea - Korean nationals staying in a foreign country to serve in overseas diplomatic missions of Korea</td>
<td>- Diplomatic missions of foreign governments and international organizations in Korea - The United States Armed Forces in Korea: members and civil employees of the Forces - Business offices or other offices abroad - Organizations, agencies or other equivalent entities whose main offices are abroad</td>
<td></td>
</tr>
<tr>
<td>- Foreign nationals falling into the following: - People working in sales offices in Korea, or engaging in business activities in Korea - People staying in Korea for six months or more - People who were residents and left the country, but returned to Korea within six months after departure for the purpose of staying for six months or longer</td>
<td>- Foreign nationals falling into the following: - Foreign nationals dispatched to serve in foreign governments' missions or international organizations in Korea - Foreign nationals who enter the country to perform official functions of foreign governments or international organizations - Korean nationals falling into the following: (however, people staying three months or more for the purpose of returning to Korea from abroad shall be regarded as residents) - People serving in business offices or other offices abroad, and international organizations abroad - People leaving Korea for the purpose of staying abroad for two years or more</td>
<td></td>
</tr>
</tbody>
</table>
1. Taxes Applied to Real Estate by Stage

- Acquisition of Real Estate
  - Taxes
    - Acquisition tax (2% of purchasing price)
    - Registration tax (2% of purchasing price)
    - Value-added tax (10% of purchasing price for building, and in the case that the building is acquired for business purposes, deduction/reimbursement is possible)
    - Special tax for rural development (10% of acquisition tax)
    - Local education tax (20% of acquisition tax)
    - National housing bonds purchase (in the case of an FDI company, purchase requirement is reduced in proportion to the FDI ratio of the company)
  - Surcharge
    1) Acquisition tax: 6% (3 times the standard 2% acquisition tax), when real estate acquisition falls under the following:
       a. In the case of acquiring real estate for construction or expansion of factories in the over-concentration control regions in the Seoul metropolitan area (excluding industrial complexes, industrial regions):
       b. In case of construction or expansion of commercial real estate for headquarter or main office of a company in the over-concentration control region:
       c. Acquisition tax shall be increased by 10% (5 times the standard 2% acquisition tax) in the case where land or luxurious real estate (luxury villas, weekend villa in the countryside, country clubs) is acquired.
       ※ Over-concentration control regions in the Seoul metropolitan area (16 regions)
2) Registration tax: 9% (3 times the standard 3% registration tax) when real estate acquisition falls under the following:
   a. In the case of real estate registration of the construction or expansion of factories in the over-concentration control regions (excluding industrial complexes, industrial regions, investment zones);
   b. In the case of registration of real estate when establishing or transferring head office/branch in the over-concentration control region (excluding industrial complex), and registration of real estate, which was acquired within 5 years from the date of such establishment or transfer.

• Reduction or Exemption

Acquisition tax and registration tax shall be reduced or exempted for a certain period of time for an FDI company in the high-technology sector.

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**Over-Concentration Charge**

- Over-concentration charge is in accordance with the "Seoul Metropolitan Area Readjustment Planning Act" and is intended to reduce over-concentration in specific areas, and to collect funds for balanced regional development and overhead capital in urban areas.
- Currently, 10% of the amount of the "average construction costs for a building (1,270,000 won per one square meter in 2004)" must be paid by the completion of the construction in the case of newly constructing or expanding a large-scale building in Seoul.
- Buildings subject to the charge are commercial facilities (15,000m² or more), business facilities (25,000m² or more) and public buildings (10,000m² or more).
  * Accommodation facilities (hotels) are not subject to the charge; however, in the case of a building having both accommodation and commercial facilities, such commercial facilities are subject to the charge.
IV. TAXES ON REAL ESTATE

■ Holding of Real Estate

1) For property of less than 450 million KRW; land less than 100 million KRW subject to comprehensive aggregate taxation; and land less than 1 billion KRW subject to individual aggregate taxation

• Taxes

  - Property tax for building (2.5–4.0% of 50% of the acquisition price)
  - Property tax for land (0.2–0.5% of 50% of the acquisition price)
  - Local education tax (20% of property tax)

• Surcharge

  - Property tax calculated at 5 times the standard property tax shall be imposed for 5 years in the case of construction or expansion of factories in an over-concentration control region.

2) For property of over 450 million KRW; land less than 100 million KRW subject to comprehensive aggregate taxation; and land less than 1 billion KRW subject to individual aggregate taxation

• Taxes

  - Aggregate land tax (1.0–3.0% for property and 0.6–4.0% for land for exceeding amount)
  - Special tax for rural development (20% of aggregate land tax)

• Reduction or Exemption

  - Aggregate land tax shall be reduced for companies in specific industry sectors such as high technology pursuant to the Special Tax Treatment Control Act
IV. TAXES ON REAL ESTATE

Disposition of Real Estate

• Taxes
  - Value-added tax (10% of the sale price of building)
  - Individual: transfer income tax (9-36%), inhabitant tax (10% of transfer income tax)
  - Corporation: corporate tax (13% or 25%), inhabitant tax (10% of corporate tax)

• Surcharge
  - In the case of an individual, surcharge is levied 50% when possessing real estate less than one year, 40% for 1-2 years, and 70% when the transfer is made without filing registration.

2. Tax Support for FDI Company

• If an FDI company in the high-technology industry sector or service industries supporting the manufacturing sector acquire real estate, and also, if acquired real estate is located in a foreign investment zone, acquisition tax, registration tax, property tax and aggregate land tax shall be reduced (the period and rate of reduction may be extended for up to 15 years in accordance with local government ordinances).

• In the case of construction permission and real estate registration for office building of an FDI company, National Housing Bonds purchase requirement shall be reduced (Article 13 of the Enforcement Regulations of Housing Construction Promotion Act).

* Subject to tax reduction: full exemption for companies who are eligible for tax benefits pursuant to the Special Tax Treatment Control Act; for other FDI companies, tax reduction in proportion to the FDI ratio of the company
* Reduction for: construction permission for office building, real estate registration of office building
## Summary of Taxes on Real Estate

<table>
<thead>
<tr>
<th>Stage</th>
<th>Taxes &amp; Rates</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition</strong></td>
<td></td>
<td><strong>Surcharge:</strong></td>
</tr>
<tr>
<td></td>
<td>- Acquisition tax (2% of purchasing price)</td>
<td>❯ 6% (3 times the standard acquisition tax): for construction/expansion of factories, and for acquisition of real estate for a head office in an over-concentration control region</td>
</tr>
<tr>
<td></td>
<td>- Special tax for rural development (10% of acquisition tax)</td>
<td>❯ 10% (5 times the standard acquisition tax): for acquisition of luxury properties, such as country clubs and villas, as well as acquisition of real estate by a company for non-business purposes</td>
</tr>
<tr>
<td></td>
<td>- Value-added tax (10% of purchasing price)</td>
<td><strong>Reduction:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ Companies in the high-tech sector and companies located in a Foreign Investment Zone (FIZ)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ Deduction for businesses as purchase tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ Exemption in case of acquiring housing of 85 m² or less</td>
</tr>
<tr>
<td><strong>Registration</strong></td>
<td></td>
<td><strong>Surcharge:</strong></td>
</tr>
<tr>
<td></td>
<td>- Registration tax (2% of purchasing price)</td>
<td>❯ 9% (3 times the standard registration tax): for construction/expansion of factories in the over-concentration control region</td>
</tr>
<tr>
<td></td>
<td>- Education tax (20% of registration tax)</td>
<td>❯ 9% (3 times the standard registration tax): registration of real estate when establishing/transferring head office/branches in an over-concentration control region and registration of real estate acquisition made within 5 years from such establishment / transfer</td>
</tr>
<tr>
<td><strong>National Housing Bonds</strong></td>
<td></td>
<td><strong>Reduction:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ Same as acquisition tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ In case of construction permission and real estate registration for office building of an FDI company, the national housing bonds purchase obligation shall be reduced in proportion to FDI ratio of the company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>❯ If standard market price is more than 100 million KRW: 6.5% for building exclusively for residential use (large cities 7%), 4.5% for others (large cities 5%)</td>
</tr>
</tbody>
</table>
### IV. TAXES ON REAL ESTATE

#### Holding

<table>
<thead>
<tr>
<th>Property tax</th>
<th>Surcharge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building: 2.5<del>4.0% Land: 0.2</del>0.5%</td>
<td>- 5 times standard property tax for 5 years: for construction/expansion of factories in an over-concentration control region</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Reduction:</th>
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<tbody>
<tr>
<td>- Businesses in industries such as advanced technologies subject to tax reduction</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Additional tax:</th>
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</thead>
<tbody>
<tr>
<td>- Local education tax (20% of the property tax)</td>
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<table>
<thead>
<tr>
<th>Aggregate land tax</th>
<th>Surcharge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing: 1.0<del>3.0% Land: 0.6</del>4.0%</td>
<td>- In the case that the property tax is subject to reduction according to Local Tax Act and Special Tax Treatment Control Act</td>
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<tr>
<th>Reduction:</th>
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<tr>
<td>- In the case that the property tax is subject to reduction according to Local Tax Act and Special Tax Treatment Control Act</td>
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<table>
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<tr>
<th>Additional tax:</th>
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<tbody>
<tr>
<td>- Special tax for rural development (20% of the aggregate land tax)</td>
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#### Disposition

<table>
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<tr>
<th>Individual Transfer income tax</th>
<th>Surcharge:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9~36% of the gains)</td>
<td>- Transfer in less than two years 40~50%</td>
</tr>
<tr>
<td></td>
<td>- Transfer without filing registration (70%)</td>
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</tbody>
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<table>
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<tr>
<th>Corporation Corporate tax (13 or 25%)</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Inhabitant tax</th>
<th>10% of transfer income tax or corporate tax</th>
</tr>
</thead>
</table>

| Value-added tax | 10% of transfer price of building (collected from transferee) |
V. FREQUENTLY ASKED QUESTIONS

1. Can foreigners, including corporations, acquire land in Korea without any restrictions?

Foreigners are able to acquire land in Korea under the same conditions as Korean nationals with regard to acquisition, use and development of land regardless of their status of sojourn in Korea. Restrictions imposed on Korean nationals in terms of usage or size of land to be purchased shall also be applied to foreign nationals.

However, in the case where foreign nationals acquire land in military installation reservations, cultural property protection zones and ecosystem preservation districts, as well as districts where land trade is permitted, they shall obtain prior permission.

In this case, the authorities shall grant a permit if land acquisition located in the districts and regions subject to prior permission does not obstruct the defined purpose of the said land.

* The Confirmation of Land Use Plan issued by the competent city/county/district office addresses key restrictions imposed on the said land.

2. What procedures should a foreigner take for acquiring land in Korea?

Resident Foreign National

He/she should file a "Real Estate Acquisition Notification" at the competent city/county/district office and register transfer of ownership within 60 days after conclusion of the contractual agreement. In this case, it is not necessary to file notification pursuant to the Foreign Exchange Transactions Act.
• The alien registration number and the address that appears on the alien registration card or the business registry can be substituted for the registration number for real estate registration and used as a document to prove the location of residence of the foreign national (address).

Non-Resident Foreign National

• He/she should first file a "Real Estate Acquisition Notification" to a foreign exchange bank in accordance with FETA when remitting funds for real estate acquisition from overseas (Article 7-74 of FETA).

• If the acquired real estate is land, a "Land Acquisition Notification" pursuant to the FLAA has to be filed with the competent city/county/district office and registration of transfer of ownership has to be filed with the competent court.

※ As the FLAA prescribes provisions only on land acquisition, notification is not necessary when a foreigner acquires real estate (buildings) and related rights such as right to registered lease, mortgage, etc. However, in practice, the sale of real estate involving buildings separated from land rarely occurs in Korea.

※ Place of issuance of registration number for real estate registration:
  - Seoul Immigration Office for a non-resident foreign national;
  - Land Registration Division of competent city/county/district office for a foreign corporation.

※ Definition of Resident by Type
  - Individual: A person who has an address or domicile in Korea; a foreign national who works in a branch office in Korea or engages in business activities; or a foreign national residing in Korea for at least 6 months.
  - Corporation: Branch/liaison office/other offices of a non-resident or a corporation which has a main office in Korea.
3. Is it possible for a foreign company to acquire land in Korea without a separate business or branch office established in Korea?

Non-Profit Purpose

- In the case where a business or branch office wants to acquire land for non-profit purposes, it is possible to do so without setting up a separate business or branch office in Korea. However, in such case the acquired land cannot be used for activities such as lease or other profit-generating business.

Profit-Making Purpose

- In the case where land is acquired for profit-making purposes, establishment of a business or branch office is required pursuant to Article 614 of the Business Law.

 Article 614-1 of the Business Law: "a foreign company that is to operate a business in Korea shall appoint a representative in Korea and establish a business office".

- If a foreign company establishes a separate company in Korea for lease or profit-making purposes after acquiring real estate under the name of the foreign company, acquisition tax and registration tax have to be imposed again due to change in ownership. So it is desirable that the company in Korea is established prior to the acquisition of the real estate.

- Recently, companies have entered into sales and lease contracts after selling real estate due to problems with cash inflow. The lease in this case is considered a profit-making activity, and thus the foreign company has to establish a business or branch office in Korea.

- A foreign company can register the acquired real estate even without having established a business or branch office in Korea. In such case, a registration number for real estate is issued at the competent city / county / district office.
4. What is the procedure to acquire land in Korea and what are the required documents for a Korean national with permanent residence in a foreign country?

• A person who has permanent resident status is not considered a foreigner pursuant to the Foreigner's Land Acquisition Act (FLAA), and for that reason, a "Land Acquisition Notification" as stipulated by the said Act is not required. However, such a person is considered a non-resident pursuant to FETA and, accordingly, notification is required for the inflow and outflow of capital.

• The required documents for registration of transfer of ownership are the same as for Korean nationals if the person concerned has resident registration. If the residence registration has expired, the following additional documents are required:
  - Proof of residence or address in the country of residence (issued by the competent office overseas agency or notarization by a notary office)
  - Registration number for real estate granted by the Registry Division of the Seoul District Court (☎ 02-530-1892)

* When applying for a registration number, the applicant should attach the transcript of the overseas Korean registration (issued by the competent consulate of the Republic of Korea in the foreign country) and a copy of the family register, and a power-of-attorney (if a proxy is applying). Mailing service is available.
5. Is a “Land Acquisition Notification” necessary if an apartment or officetel is acquired through a sale in parcels?

- If an apartment, a residential & commercial housing unit (jusangbokhab), or officetel was acquired by means of sale in parcels, it is subject to the general procedure of land acquisition.

- That is, an application form for the "Land Acquisition Notification" with a transcript of land registration, the contract, etc. has to be filed at the competent city/county/district office within 60 days from the contract date on which the sale of parcels was concluded. In this case, the acquired area of land is the area of land allotted to the apartment or officetel.

- In general, the registration of transfer of ownership can be filed at the competent city/county/district office within 60 days from the date of completing the last installment of payment.

6. If a foreign national sells real estate acquired in Korea, can he/she freely remit the money from the sale overseas? What is the procedure?

- Proceeds received from the sale of real estate, which was acquired by means of capital that was received from overseas via bank accounts is completely guaranteed overseas remittance.

**Non-Resident Foreign National**

- A non-resident foreign national has to give notification to a foreign exchange bank, if he/she intends to remit money from the sale of a real estate to a foreign country. The proceeds from the real estate sale can be remitted overseas simply by filing a notification, if it was acquired through notified capital (submit documents verifying the acquisition and sale of the said real estate).
Resident Foreign National (sojourn in Korea six months or longer)

- There are no restrictions for a foreign national to remit money to Korea for the purpose of acquiring real estate. However, sending proceeds from the sale of real estate or income from rent to another country needs to be notified to the Bank of Korea.

7. What kind of restrictions exist regarding the acquisition, use or development of land in Korea?

Regulations related to land acquisition:

- As of June 2005, the Korean government has designated a total of 20,916 km² of land nationwide as a so-called "land trade permitted zone". Acquisition of land located in this zone usually requires permission from the head of the competent city/county/district office prior to concluding the contract. However, this rule does not apply to foreign nationals.

- According to the Farmland Act, there are no upper limits to owning farmland. However, a certificate for farmland acquisition needs to be obtained when acquiring farmland.

  * Acquisition of farmland and issuance of the certificate is only possible when actually engaging in farming, so that, in principle, a non-resident foreign national is not able to acquire farmland.

Regulations related to land use:

- Land in Korea is divided into five areas of specific use according to the Act on the Utilization and Management of National Territory. Such areas are subject to the restrictions on activities for utilization of national territory prescribed by the said Act.
More details about the use of the land located in the areas stated above are stipulated in the Urban Planning Act and the Building Act.

Anyone who intends to acquire land in Korea can find out the restrictions imposed on the land from the "Confirmation of Land Use Plan" issued by the competent city/county/district office that has jurisdiction over the land.

Regulations related to land development:

In the case where one of 28 development businesses such as residential land development and tourist resort complex development described in the Restitution of Development Gains Act is operated, the executer of the project had to pay 25% of the gains from such development. However, due to deregulatory policies the 25% charge need not be paid for projects that have received permission after January 1, 2004.

8. What taxes accompany the acquisition of real estate? What kinds of tax incentives are provided to a foreign national when acquiring land? (some tax rates may be subject to change in accordance with the amendment of Aug. 31, 2005)

Taxes related to real estate acquisition:

At the acquisition and registration stage, acquisition tax (2% of purchasing price) and registration tax (2% of purchasing price) are levied. Other taxes include special tax for rural development (10% of acquisition tax) and local education tax (20% of acquisition tax). Furthermore, national housing bonds have to be purchased (FDI companies exempted).

At the holding stage, property tax (0.2~4.0%), aggregate land tax (0.6~4.0%), and special tax for rural development (20% of aggregate land tax) are levied.
At the disposition stage, transfer income tax (9-36%) and inhabitant tax (10% of transfer income tax) are levied on individuals; and companies must pay corporate tax (13-25%) and inhabitant tax (10% of corporate tax).

Tax incentives related to real estate acquisition:

- Acquisition tax, registration tax, and property tax shall be reduced (for up to 15 years) for acquisition of land in a Foreign Investment Zone and acquisition by companies in the industry-supporting service as well as high-technology sector, which support the national competitiveness of Korea.

- If an FDI company conducts real estate registration for business use, the company is exempted from the obligation to purchase national housing bonds.

9. How much is the brokerage fee for real estate transactions?

- Real estate agents receive brokerage fees from a client for their services including costs for confirming facts related to ownership of real estate during the purchase, sale or lease of real estate.
  - However, they cannot receive brokerage fees if the real estate transaction concerned is nullified or cancelled for reasons attributable to the broker's negligence or intention.

- Brokerage fees are calculated in the following ways: cost x rate of brokerage fee.*
  - However, in cases in excess of the ceiling amount, the ceiling amount** will be charged.
FREQUENTLY ASKED QUESTIONS

* Rate for brokerage fees and ** Ceiling amount for residential buildings

<For sale>

<table>
<thead>
<tr>
<th>Threshold (KRW million)</th>
<th>Rate for brokerage fee (%)</th>
<th>Ceiling amount (KRW thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- less than 50</td>
<td>0.6</td>
<td>250</td>
</tr>
<tr>
<td>50 - less than 200</td>
<td>0.5</td>
<td>800</td>
</tr>
<tr>
<td>200 - less than 600</td>
<td>0.4</td>
<td>-</td>
</tr>
</tbody>
</table>

<For lease>

<table>
<thead>
<tr>
<th>Threshold (KRW million)</th>
<th>Rate for brokerage fee (%)</th>
<th>Ceiling amount (KRW thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- less than 50</td>
<td>0.5</td>
<td>200</td>
</tr>
<tr>
<td>50 - less than 100</td>
<td>0.4</td>
<td>300</td>
</tr>
<tr>
<td>100 - less than 300</td>
<td>0.3</td>
<td>-</td>
</tr>
</tbody>
</table>

The brokerage fee for real estate other than residential buildings and luxurious residential buildings over KRW 300 million for lease or KRW 600 million for sale are subject to a mutually agreed contract between the client and the broker within the ceiling range of 0.2–0.3% for sale or exchange and 0.2–0.8% for lease.
### Relevant Government Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Services Related to Real Estate Transactions</th>
<th>Phone &amp; E-mail (overseas call: 82(Korea) +2(Seoul)+ number below )</th>
</tr>
</thead>
</table>
| **Invest KOREA**                                                              | - FDI consulting service, FDI procedures and real estate acquisition, etc.  
- Grievance resolution and after-service for FDI companies  
- One-stop service for investors in Korea                                                                                                                                                                       | 3460-7545 (information & consulting)  
3460-7635 (grievances & after-service)  
www.investkorea.org                                                                  |
| **Land Management Division of the Ministry of Construction and Transportation (MOCT)** | - Q&A related to the Foreigners’ Land Acquisition Act                                                                                                                                                                                                                     | 504-9123~4 www.moct.go.kr                                           |
| **Housing Policy Division of MOCT**                                           | - Q&A related to the laws regarding housing                                                                                                                                                                                                                             | 504-9133~4 www.moct.go.kr                                           |
| **Land Registration Division of a City/County/District Office**               | - Acceptance of registration (or application) for land acquisition notification for foreigners  
- Issuance of registration number for real estate registration for foreign companies not residing in Korea                                                                                                       | 650-6237  
Mok-dong branch  
732-6214~5  
Sejongro branch                                                                                                                                                                                                 |www.mogaha.go.kr |
| **Seoul Immigration Office or Branch Office**                                 | - Issuance of registration number for real estate registration for foreign individuals not residing in Korea                                                                                                                                                      | 3703-5073 www.mogaha.go.kr                                           |
| **Land Registration Division of the Ministry of Government Administration and Home Affairs** | - Details about registration number for foreign corporations not residing in Korea                                                                                                                                                                                      | 3480-1394~8 www.scourt.go.kr                                         |
| **Registry Division of the Ministry of Court Administration**                | - Details about procedures/documents for transfer of ownership                                                                                                                                                                                                     | 530~1892                                                                 |
| **Registry Division of the Seoul District Court**                             | - Details about registration number for those with permanent residence in a foreign country                                                                                                                                                                        | 503-7264~5 www.maf.go.kr                                             |
| **Farmland Policy Division of the Ministry of Agriculture and Forestry**      | - Information regarding farmland                                                                                                                                                                                                                                       | 500-5377 www.mofe.go.kr                                              |
| **Foreign Exchange Division of the Ministry of Finance and Economy**         | - Remittance of funds for real estate transactions for those with permanent residence in a foreign country and foreign nationals                                                                                                                                 | 380-7000www.mofe.go.kr                                              |
Foreigner’s Land Acquisition Act (FLAA)

Enforcement Decree of the FLAA

Enforcement Rules of the FLAA

July 2005

Ministry of Construction and Transportation
### Appendix 2

**GUIDE TO FOREIGNER'S LAND ACQUISITION IN KOREA**

<table>
<thead>
<tr>
<th>Act</th>
<th>Enforcement Decree</th>
<th>Enforcement Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreigner's Land Acquisition Act</td>
<td>Enforcement Decree of the Foreigner's Land Acquisition Act</td>
<td>Enforcement Rules of the Foreigner's Land Acquisition Act</td>
</tr>
<tr>
<td>Act No. 5544</td>
<td>Presidential Decree No. 17854</td>
<td>Rules of Ministry of Construction and Transportation No. 411</td>
</tr>
<tr>
<td>Partially amended Dec. 31, 2004</td>
<td>Article 1 (Purpose)</td>
<td>Article 1. (Purpose)</td>
</tr>
<tr>
<td>Act No. 7297</td>
<td>The purpose of this Decree is to provide for the matters delegated by the Foreigner's Land Acquisition Act and matters necessary for the enforcement thereof.</td>
<td>The purpose of this Enforcement is to prescribe the requirements mandated by the Foreigner's Land Acquisition Act and for the enforcement of the Act.</td>
</tr>
</tbody>
</table>

Article 1 (Purpose)
The purpose of this Act is to prescribe matters necessary for foreigner's land acquisition within the territory of the Republic of Korea.

Article 2 (Definition)
For the purpose of this Act, the term "foreigner" means an individual, juristic person, or organization falling under any of the following subparagraphs:

1. An individual who does not have nationality of the Republic of Korea; and
2. A juristic person or organization which falls under any of the following items:
   (a) A juristic person or organization which is established in accordance with foreign acts and subordinate statutes;
   (b) A juristic person or organization where not less than half of its employees or members fall under subparagraph 1;
   (c) A juristic person or organization where not less than half of the officers such as employees executing its affairs or directors fall under subparagraph 1; and
   (d) A juristic person or organization where an individual falling under subparagraph 1 or a juristic person or organization falling under item (a) has not less than half of its capital or voting rights. In this case, when
calculating the capital or the
number of voting rights, the
bearer stocks of a stock
company shall be considered to
belong to an individual falling
under subparagraph 1 or a
juristic person or organization
falling under item (a).

Article 3 (Principle of Reciprocity)
An individual, juristic person,
organization, or government of a
foreign country which prohibits or
limits a national of the Republic of
Korea, a juristic person or
organization established in
accordance with the Acts and
subordinate statutes of the Republic
of Korea, or the Government of the
Republic of Korea, from acquiring or
transferring the land within its own
territory, may be prohibited or
limited from acquiring or transferring
the land within the territory of the
Republic of Korea by the Minister of
Construction and Transportation
under the conditions as prescribed
by the Presidential Decree.

Article 4 (Report on Land Acquisition
by Contract)
(1) Where a foreigner, a foreign
government, or an international
organization prescribed by the
Presidential Decree (hereinafter
referred to as a "foreigner")
concludes a contract for land
acquisition within the territory of
the Republic of Korea
(hereinafter referred to as a "land acquisition contract"), it
shall report the conclusion of the
contract to the head of
Shi/Kun/Ku (referring to an
autonomous Ku; hereinafter
the same shall apply) within 60
days after conclusion, under the
conditions as prescribed by the
Presidential Decree.

| Article 2 (International Organization
Subject to Report on Land Acquisition
Contract) |
|------------------------------------------------|
| For the purpose of Article 4 (1) of
the Foreigner's Land Acquisition Act
(hereinafter referred to as the "Act"),
the term "international organization
prescribed by the Presidential Decree"
shall be as shown in the Table. |

| Article 3 (Report on Land Acquisition)
(1) |
|------------------------------------------------|
| Where a foreigner, a foreign
government, or an international
organization referred to in Article
2 (hereinafter referred to as a "foreigner")
intends to report on
the acquisition or continuous
holding of land under Article 4
(1), 5, or 6 of the Act to the
head of Shi/Kun/Ku (referring to an
autonomous Ku; hereinafter
the same shall apply) a report |

| Article 2. (Report on Land Acquisition)
(1) The report on land acquisition and
the continuous maintenance of land
in accordance with Article 3
Paragraph ① of the Enforcement
Ordinance of the Foreigner's Land
Acquisition Act (hereinafter
"Enforcement"), and the
application for permission on land
acquisition in accordance with
Article 3 Paragraph ② observe
Form 1 in Appendix. |
(2) Notwithstanding the provisions of paragraph (1), in case of acquiring the land located in the districts or areas falling under any of the following subparagraphs, a foreigner shall obtain permission from the head of Shi/Kun/Ku before the conclusion of the contract, under the conditions as prescribed by the Presidential Decree.


1. Military installation protection areas under subparagraph 2 of Article 2 of the Protection of Military Installations Act, naval bases under Article 3 of the Naval Bases Act, base protection areas under subparagraph 9 of Article 2 of the Military Air Bases Act, or such other areas as may be especially necessary to limit the foreigner’s land acquisition for the purpose of national defense as prescribed by the Presidential Decree;

2. Designated cultural properties, and protectors or reservations for them under Article 2 (2) of the Protection of Cultural Properties Act;

3. Deleted <July 1, 1990>

4. Ecosystem conservation areas under subparagraph 12 of Article 2 of the Natural Environment Conservation Act.

5. Special preservation area for flora and fauna pursuant to Article 27 of the Flora and Fauna Preservation Act.

(3) As long as foreigner’s land acquisition in districts and areas falling under any subparagraph of paragraph (2) does not cause any inconveniences in the related districts and areas, the head of Shi/Kun/Ku shall permit foreigner’s land acquisition in accordance accompanied by the documents prescribed by the Ordinance of the Ministry of Construction and Transportation.

(2) Where a foreigner intends to obtain permission for the acquisition of land under Article 4

② The report on land acquisition in Paragraph ① must be accompanied by the following documents.

1. A transcript of the land registration.

2. Land acquisition contract (only applicable for land acquisition by contract)

3. Documents classified by each item as follows (only applicable for land acquisition by reasons other than by contract)

a. In the event of inheritance: document that verifies the heir

b. In the event of bid: notice of successful bid

c. In the event of an exercise of the redemptive right: document that verifies redemption

d. In the event of an exercise of a final and conclusive judgment of a court of law: the final and conclusive judgment

③ The report on the continuous maintenance of land acquisition in Paragraph ① must include the following.

1. A transcript of the land registration.

2. Deleted <June 14, 2002>

3. The document that verifies a corporation or an organization established according to the Laws of the Republic of Korea is converted into a foreign corporation or organization (only applicable for a corporation or an organization).

④ The application for the permission of land acquisition in Paragraph ① must include the following.

1. A transcript of the land registration

2. The land acquisition contract concluded by both contractors
(4) No land acquisition contract concluded in violation of paragraph (2) shall take effect.

(2) of the Act, he/she shall submit to the head of Shi/Kun/Ku an application accompanied by the documents prescribed by the Ordinance of the Ministry of Construction and Transportation.

(3) The head of Shi/Kun/Ku shall, upon receipt of the application for permission on the acquisition of land under paragraph (2), make a disposition of permission or non-permission within 15 days from the day of the receipt of the application.

Article 4 (Management of Report on Acquisition of Land)

(1) Where the head of Shi/Kun/Ku delivers a certificate of complete report under Article 3 (1) or a permit under paragraph (3) of the same Article, he shall record and manage such facts in a management register.

(2) The head of Shi/Kun/Ku shall notify the Special Metropolitan City Mayor, Metropolitan City Mayor, or Do governor of the contents of the management register under paragraph (1) within one month of the closing day of every quarter.

(3) The special metropolitan city mayor, metropolitan city mayor, or Do governor who has been notified of the contents of the management register under paragraph (2), shall notify the Minister of Construction and Transportation of such contents within one month of the receipt day of such notification.

Article 5 (Other Permission Areas of Acquisition of Land)

For the purpose of Article 4 (2) 1 of the Act, the term "areas prescribed by the Presidential Decree" means

Article 3. (Certificate of Report on Land Acquisition)
The certificate of report on land acquisition, the certificate of report on the continuous maintenance of land acquisition, and the permission on land acquisition in accordance with Article 4 Paragraph ① of the Enforcement Ordinance must observe Form 2 in the Appendix.

Article 5 (Report of Land Acquisition Caused by Reasons other than Contract)

Where a foreigner acquires land within the territory of the Republic of Korea by means of inheritance, auction, or any cause other than contracts prescribed by the Presidential Decree, he/she shall report to the head of Shi/Kun/Ku within 6 months after land acquisition under the conditions as prescribed by the Presidential Decree.

Article 6 (Report of Continuous Holding of Land)

Where a national of the Republic of Korea, or a juristic person or organization established in accordance with the Acts and subordinate statutes of the Republic of Korea, which has land within the territory of the Republic of Korea, changes its nationality and then desires to keep the land, it shall report to the head of Shi/Kun/Ku within 6 months after the change of nationality under the conditions as prescribed by the Presidential Decree.

Article 7 (Penal Provisions)

Where a foreigner concludes a land acquisition contract without obtaining island areas necessary from the military's point of view which are announced by the Minister of Construction and Transportation after consultation with the head of a central administrative agency concerned, such as the Minister of National Defense.

For the purpose of Article 5 of the Act, the term "cause other than contracts prescribed by the Presidential Decree" means the exercise of a redemptive right pursuant to the Land Expropriation Act or other relevant Acts, or a final and conclusive judgment by a court.
<table>
<thead>
<tr>
<th>Article 7 (Procedure for Imposition and Collection of Fine for Negligence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Where the head of Shi/Kun/Ku intends to impose a fine for negligence under Article 9 (1) and (2) of the Act, he shall, after investigation and confirmation of the offense, notify the party subject to the fine for negligence with documents specifying the offense and the amount of the fine for negligence.</td>
</tr>
<tr>
<td>(2) Where the head of Shi/Kun/Ku intends to impose a fine for negligence under paragraph (1), he shall give the party subject to the fine for negligence an opportunity to state his/her opinions orally or in writing, with a fixed period of not less than 10 days. In this case, if he/she fails to state his/her opinions within the specified period, he/she shall be considered to have no opinion.</td>
</tr>
<tr>
<td>(3) The head of Shi/Kun/Ku shall determine the amount of a fine for negligence taking into consideration the motives and consequences of the offense.</td>
</tr>
<tr>
<td>(4) The procedures for the collection of a fine for negligence shall be determined by the Ordinance of the Ministry of Construction and Transportation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 8 (Joint Penal Provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where a representative of a juristic person, or an agent, employee, or other personnel of a juristic person or individual commits an offense provided for in Article 7 in connection with affairs of the juristic person or individual, not only the illegal performer but also the juristic person or individual shall be sentenced to the fine provided for in the same Article.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 9 (Fine for Negligence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A person who fails to report land acquisition under Article 4 (1) or makes a false report, shall be sentenced to a fine for negligence not exceeding three million won.</td>
</tr>
<tr>
<td>(2) A person who fails under any of the following subparagraphs shall be sentenced to a fine for negligence not exceeding one million won.</td>
</tr>
<tr>
<td>1. A person who fails to report land acquisition under Article 5 or makes a false report; or</td>
</tr>
<tr>
<td>2. A person who fails to report the continuous holding of land under Article 6 or makes a false report.</td>
</tr>
<tr>
<td>(3) A fine for negligence provided for in paragraphs (1) and (2) shall be imposed and collected by the head of Shi/Kun/Ku under the conditions as prescribed by the Presidential Decree.</td>
</tr>
<tr>
<td>(4) A person who is dissatisfied with the disposition of a fine for negligence under paragraph (3) may raise an objection against it to the head of Shi/Kun/Ku.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article V (Negligence Fine Collection Procedure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The negligence fine collection procedure in accordance with Article VII Paragraph 1 of the Enforcement Ordinance must observe the Official Procedure for Tax Collection. In this case, the payment bill must accompany other procedure and period.</td>
</tr>
</tbody>
</table>
within thirty days after receiving its notification.

(5) Where a person who is subject to the disposition of a fine for negligence under paragraph (3) raises an objection against it under paragraph (4), the head of Shi/Kun/Ku shall forthwith notify a competent court, and the court shall, upon the receipt of such notification, bring the case to a trial of a fine for negligence in accordance with the Non-Contentious Case Litigation Procedure Act.

(6) Where no objection is raised and no fine for negligence is paid within a definite period under paragraph (4), the fine for negligence shall be collected according to the example of dispositions on delinquency of local tax.

ADDENDA

Article 1 (Enforcement Date)
This Act shall enter into force one month after the date of its promulgation.

Article 2 (Transitional Measures concerning Previous Permission and Report)
(1) Where any permission or report on the acquisition or continuous holding of land was granted or made under the previous provisions at the time this Act enters into force, it shall be considered to have been granted or made in accordance with the amended provisions of Article 4 (1) and (2), 5, or 6.

(2) Where a foreigner who failed to obtain permission or make a report on the acquisition or continuous holding of land under

ADDENDA

Article 1 (Enforcement Date)
This Decree shall enter into force on June 26, 1998.

Article 2. (Amendment of Other Acts)
① In the National Land Utilization Control Act, the following will be revised. Article 30 Item 17 is revised as follows - In the event a foreign government or an international organization has applied for or received permission of land acquisition in accordance with Article 4 of the Foreigner’s Land Acquisition Act.

② In the Enforcement Ordinance of the Act on the Establishment of the Free Trade Area, Article 15 Paragraph Item 3 will be deleted.

③ In the Enforcement Ordinance of the Act on the Foreign Investment and Inducement of Foreign Capital, the following will be revised. Article 20 Paragraph ⑨Item 1 will be as follows. 1) Report and permission on land acquisition in accordance with Article IV or Article 6 of the Foreigner’s Land Acquisition Act.

④ In the Enforcement Ordinance of the Act on the Maximum Land
the previous provisions at the time this Act enters into force, obtains permission or makes a report in accordance with the amended provisions of Article 4 (1) and (2), 5, or 6 within one year after the date of its enforcement, he/she shall be considered to have obtained permission or made a report in accordance with the previous provisions.

Article 3 (Transitional Measures concerning Penal Provisions) The application of penal provisions against an illegal act before the enforcement of this Act shall be made in accordance with the previous provisions provided that the same shall not apply to the permission obtained or report made in accordance with the amended provisions of Article 2 (2) of the Addenda within one year after this Act enters into force.

Article 4 (Amendment of other Acts) ① The amendment of the Free Trade Area Establishment Law is as follows. "Act Relating To Acquisition Of Land By Foreigner And Control" in Article 7 Clause 3 is changed to "Foreigner's Land Acquisition Act".

② The amendment of Industrial Arrangement and Factory Establishment Law is as follows. "Act Relating To Acquisition Of Land By Foreigner And Control" in Article 35 Clause 5 Item 2 is changed to "Foreigner’s Land Acquisition Act".

ADDENDA <Act No. 5656, Jan. 21, 1999>

Article 1 (Enforcement Date) This Act shall enter into force on July 1, 1999.