

INTRODUCTION TO THE FOREIGN DIRECT INVESTMENT SYSTEM IN KOREA

MARCH 2002

Due to the continuous changes in laws and regulations relating to foreign direct investment (FDI), the contents of this booklet may not be updated simultaneously. Thus, when using the information provided in this booklet for business purposes, please contact the *Office of Foreign Investor Support (OFIS)* at Korea Investment Service Center (KISC) to confirm relevant regulations

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CONTENTS

I. OVERVIEW

1. Definition	1
(1) Foreign direct investment (FDI)	1
(2) Foreign investors and object of investment	2
(3) FDI amount and ratio	5
2. FDI-related Laws	6
(1) Related laws	6
(2) Foreign Investment Promotion Act (FIPA)	6
3. FDI Protection	8
(1) Guarantee of overseas remittance	8
(2) Equal treatment as Korean nationals	8
4. FDI-allowed Businesses	9

II. FDI PROCEDURES

1. FDI through Acquisition of Newly Issued Stocks	13
(1) FDI notification	13
(2) FDI capital	14
(3) Registration of incorporation and business registration	17
(4) FDI company registration	18
2. FDI through Acquisition of Outstanding Stocks	21
(1) FDI notification	21
(2) FDI capital	25

(3) FDI company registration	26
(4) Acquisition of outstanding stocks of a domestic company by FDI companies	26
(5) Other matters to be noted	27
3. FDI through Long-term Loan	30
(1) FDI notification	30
(2) Modification in FDI notification	30
4. FDI through Acquisition of Stocks following Mergers	31
(1) FDI notification	32
5. Other FDI-related Notifications	33
(1) Confirmation of the list of imported capital goods	33
(2) Confirmation on the completion of FDI in kind	34
(3) Modification in FDI company registration	35
(4) Disposition of capital goods	36
(5) Notification of transfer/reduction of stocks	38

III. TAX INCENTIVES FOR FDI

1. Businesses Eligible for Tax Incentives	39
(1) Hi-tech businesses or industry-supporting service businesses	39
(2) Businesses operated by FDI companies located in Foreign Investment Zones (FIZs)	41
(3) Businesses located in Free Trade Zones as stipulated in the Special Tax Treatment Control Act	44

2. Period and Amount of Tax Incentives	45
(1) Corporate tax/income tax of FDI companies	45
(2) Corporate tax/income tax on dividends of FDI companies	45
(3) Acquisition tax/registration tax/property tax/aggregate land tax on building and land acquired by FDI companies	46
(4) Customs duty/special excise tax/value-added tax	47
(5) Tax reduction/exemption for capital increase	48
(6) Tax reduction for business transfer related to hi-tech businesses or industry-supporting service businesses	49
3. Application for Tax Reduction/Exemption	50
(1) Application period	50
(2) Procedure	50
(3) Determination of tax reduction/exemption by the authority	51
(4) Application for prior checking of tax reduction/exemption	52
4. Tax Exemption on Royalty from Technology Inducement	53
(1) Subject and period	53
(2) Application	54

IV. OTHER SUPPORT FOR FDI

1. Lease of National and Local Government Properties	56
(1) Lease of national government properties	56
(2) Lease of local government properties	57
(3) Purchase of national and local government properties	57

2. FDI-related Civil Affairs Administration	59
(1) Types of civil applications	59
(2) Processing of civil applications	59
3. Others	67
< Appendix > FDI-related Notification and Application Forms	69

I. OVERVIEW

1. Definition

(1) Foreign direct investment (FDI)

- Acquisition of stocks or equity of domestic companies (Article 2.1.4.1 of the Foreign Investment Promotion Act (FIPA))
 - Acquisition by foreign nationals of shares or equity of (1) a corporation of Korea or of (2) a company run by a Korean national for the purpose of establishing lasting economic relations by means of participating in the management of such corporation or company
 - The amount of foreign direct investment shall be KRW50 million or more. If two foreign nationals or more make a joint investment, however, each shall meet the criteria of KRW50 million or more. (Article 2.2 of FIPA)
 - Where foreign nationals own 10% or more of the total voting stocks issued by (1) or (2) above or 10% of the total amount of capital contribution of (1) or (2) above. (Article 2.2.1 of the Enforcement Decree)
 - Where foreign nationals own less than 10% of the total voting stocks issued by (1) or (2) above or less than 10% of the total amount of capital contribution of (1) or (2) above, and where they enter into the following agreements:
 - a. Agreement concerning officer's dispatch or appointment
 - b. Agreement concerning technical license or joint research/development project
 - c. Agreement concerning supply and purchase of products/raw materials for more than one year
- Long-term loan (Article 2.1.4.2 of FIPA)

- Where a loan with maturity of five years or longer is granted to foreign capital-invested companies (FDI companies) by their overseas parent company or by a company which has capital affiliation with the parent company.
- ※ Company which has capital affiliation with the parent company
(Article 2.3 of the Enforcement Decree)
- A company which owns 50% or more of the total issued stocks or of the total amount of capital contribution of the overseas parent company
- A company which falls under the following, provided that the overseas parent company of the FDI company owns 50% or more of the total outstanding stocks or of the total amount of capital contribution of the said FDI company:
 - A company which owns 10% or more of the total stocks or of the total amount of capital contribution of the overseas parent company;
 - A company of which 50% or more of the total stocks or of the total amount of capital contribution is owned by the overseas parent company

(2) Foreign investors and object of investment

- Foreign nationals (Article 2.1.1 of FIPA)
 - Individuals possessing foreign nationality
 - Korean nationals holding permanent residence status or equivalent sojourn permits from foreign countries are also included in the definition of foreign investors. (Article 2.2 of FIPA; Article 3 of the Enforcement Decree)
 - Investment by Chinese nationals with residence status (F2 visa) in Korea — those who have continuously lived with their permanent address in Korea — is not considered as FDI.
 - Foreign corporations established under the law of foreign countries

- Organizations for international economic cooperation
 - Agencies engaging in international economic cooperation for the governments of foreign nations
 - Organizations or agencies which provide development financing services such as the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Asian Development Bank (ADB), etc.

■ Foreign investors

Foreign nationals who own stocks or equity pursuant to FIPA

■ Foreign capital-invested companies (Article 2.1.6 of FIPA)

Companies in which foreign investors have invested capital (FDI companies)

■ Object of investment (Articles 2.1.7 and 2.1.8 of FIPA)

Means of investment contributed by foreign nationals for the purpose of acquiring stocks

- International means of payment under the Foreign Exchange Transactions Act, or domestic means of payment arising from exchange thereof (i.e., foreign currency)
- Capital goods
 - Machinery, equipment, facilities, apparatus, components and parts treated as industrial facilities including ships, motor vehicles, airplanes, etc.; livestock, seeds, plants, trees, fish and shellfish necessary for the development of agriculture, forestry and fisheries
 - Raw materials and spare parts for test operation of facilities deemed necessary by the competent ministers; freight and insurance premium costs for transportation of such materials; technology utilized in installation of related facilities; or services engaging in consultation with respect to the import of such materials
- Income generated from stocks or equity acquired pursuant to FIPA (dividends)

I. OVERVIEW

- Industrial property/intellectual property rights and other equivalent rights dealing with technology and its use
 - Intellectual property rights: Copyrights related to industrial activities as prescribed in the Copyright Act and semiconductor circuit design or blueprints described in Article 2.5 of the Copyright Enforcement Decree.
 - The price of industrial property rights evaluated by government authority-designated technology evaluation institutions (see below) shall be considered as a certified evaluation value. (Article 30.4 of FIPA)
 - Technology evaluation institutions:
 - a. Korea Institute of Industrial Technology Evaluation and Planning (www.itep.re.kr)
 - b. Korea Technology Credit Guarantee Fund (www.kibo.co.kr)
 - c. Environmental Management Corporation (www.emc.or.kr)
 - d. Agency for Technology and Standards (www.ats.go.kr)
 - e. Korea Institute of Industry and Technology Information
 - f. Korea Institute of Science and Technology (www.kist.re.kr)
- ※ If you are eligible for corporate tax exemption on royalty income withheld in the case of industrial/intellectual property rights instead of capital investment as means of investment, you should file the application for corporate tax exemption.
- Remaining assets generated from the liquidation of a foreign company's branch or liaison office located in Korea
- Repayment of long-term loan with maturity of five years or longer, pursuant to FIPA, to FDI companies by their overseas parent company and to companies affiliated with the overseas parent company concerned
- Shares of a foreign company listed on a foreign stock exchange market
- Shares owned by foreign nationals pursuant to the Foreign Exchange Transactions Act
- Real estate in Korea owned by foreign nationals

- Other domestic means of payment

Sales proceeds from the disposition of real estate and stocks of a Korean company owned by foreign nationals pursuant to FIPA and the Foreign Exchange Transactions Act

(3) FDI amount and ratio

- The amount of FDI shall be at least **KRW50 million per case**. Also, where the number of foreign investors is two or more, the minimum investment amount shall be **KRW50 million per each individual**. (Article 2.2 of the Enforcement Decree)
- There is no minimum on the amount of FDI in the case where foreign investors increase the investment amount or invest dividends in a company.
- In principle, the FDI ratio shall be 10% or more, meaning that foreign investors shall acquire 10% or more of the stocks of a company. However, where foreign investors have entered into the following contractual agreements, a less than 10% FDI ratio is allowed. (Article 2.2.2 of the Enforcement Decree)
 - Agreement concerning officer's dispatch or appointment
 - Agreement concerning supply and purchase of products/raw materials for more than one year
 - Agreement concerning introduction of technical licenses or joint research and development projects

2. FDI-related Laws

(1) Related laws

- The Foreign Investment Promotion Act (FIPA)
- The Enforcement Decree of the Foreign Investment Promotion Act
- The Enforcement Regulations of the Foreign Investment Promotion Act
- Regulations on Foreign Investment and Technology Inducement
- Regulations on Tax Reductions or Exemptions for Foreign Investment
- Special Tax Treatment Control Act (Chapter V)
- Foreign Exchange Transactions Act
- Commercial Act

(2) Foreign Investment Promotion Act (FIPA)

■ Purpose (Article 1)

The purpose of the Foreign Investment Promotion Act (FIPA) is to contribute to the sound development of the national economy through effective inducement of foreign investment.

■ Basic direction

Korea's policy on foreign direct investment (FDI) has been restructured to support foreign investment from the foreign investors' perspective and to facilitate effective attraction of

FDI by local governments.

■ Relationship with other laws

- Foreign investment shall be considered as FDI only when satisfying the requirements of foreign capital in accordance with FIPA and other relevant laws.
- Matters concerning foreign exchanges and overseas transactions shall follow the regulations of the Foreign Exchange Transactions Act, except as otherwise set forth in FIPA.
- Even though FDI companies complete the required procedures as stipulated in FIPA, the companies shall follow all regulations applied to domestic companies under the laws of Korea, and obtain permissions or approvals in accordance with such laws for business operation since FDI companies are regarded as domestic companies.

3. FDI Protection

Guarantee of overseas remittance of invested capital and dividends, as well as equal treatment as Korean nationals, shall be granted in accordance with FIPA.

(1) Guarantee of overseas remittance

- Overseas remittance of stock dividends and equity owned by foreign investors; proceeds from sales therein; principal and interest paid from long-term loan contracts; and commissions and royalties paid pursuant to technology inducement contracts shall be guaranteed. (Article 3.1 of the FIPA)
- With respect to overseas remittance, a confirmation by the head of a foreign exchange bank is required as stipulated in the Foreign Exchange Transactions Act. (Article 4.1 of the Enforcement Decree)
- Suspension of foreign exchange transactions or other restrictive measures taken under situations of critical and rapid changes in the domestic economic situation, war, or Act of God, stipulated by the Foreign Exchange Transactions Act, shall not apply to FDI made pursuant to the FIPA.

(2) Equal treatment as Korean nationals

- Foreign investors and their companies investing in Korea shall be treated on equal terms as domestic investors and companies, except as otherwise provided in other laws. (Article 3.2 of FIPA)

- Foreign investors may enjoy more favorable treatment than Koreans do in terms of tax reductions and location of their company or factory sites.
- Except as otherwise provided in other laws, no restrictions shall apply to a foreign national in performing FDI activities in Korea. (Article 4.1 of FIPA)

4. FDI-allowed Businesses

- Out of 1,121 total business sectors described in the Korean Standard Industrial Classification, **1,058 sectors**, excluding 63 sectors such as public administration, diplomatic affairs, national defense, etc., are open to FDI.
- FDI-allowed businesses: 1,058 sectors
 - Fully opened: 1,029 sectors
 - Partially opened: 27 sectors (FDI allowed if the criteria for FDI permission are satisfied.)
 - Closed (**As of March 2001**): 2 sectors (Radio and television broadcasting)
- However, other individual laws may restrict FDI in certain businesses or impose an obligation to form joint ventures with a domestic company.
- Cases where FDI is not allowed: (Article 4.2 of FIPA)
 - Where the maintenance of national security and public order is threatened;
 - Where the development of the national economy is negatively affected;
 - Where the laws of Korea are violated

FDI-restricted businesses

- **FDI-allowed businesses: 1,058 sectors (as of March 2002)**

- Fully open: 1,029 sectors
- Partially open: 27 sectors (FDI allowed if the criteria for FDI permission are satisfied.)
- Closed: 2 sectors (Radio and television broadcasting)

- **FDI-restricted businesses (partially open and closed sectors): 29 sectors**

Business (KSIC* code)	Criteria for Permission ¹
Cereal crop cultivation (01110)	Allowed except for growing of rice and barley
Beef cattle farming (01212)	FDI ratio shall be less than 50%
Inshore fishing (05112)	FDI ratio shall be less than 50%
Coastal fishing (05113)	FDI ratio shall be less than 50%
Newspaper publishing (22121)	FDI ratio shall be less than 30%
Magazine and periodical publishing (22122)	FDI ratio shall be less than 50%
Nuclear fuel processing (23300)	Allowed except for manufacturing and supply of nuclear fuel for nuclear power plants

* Korea Standard Industrial Classification (KSIC)

¹ FDI in the businesses listed in the table shall be permitted if the criteria for permission are satisfied.

Business (KSIC* code)	Criteria for Permission ¹
Electric power generation (40110)	FDI in electric power generation related to the operation of nuclear power plants is not allowed.
Electric power transmission (40121)	Allowed if all of the following are met: 1. FDI ratio shall be less than 50% 2. The number of voting shares owned by foreign investors must be lower than that of the largest Korean shareholder
Other transmission & distribution of electric power (40122)	Allowed if all of the following are met: 1. FDI ratio shall be less than 50% 2. The number of voting shares owned by foreign investors must be lower than that of the largest Korean shareholder
Wholesale of meat (51312)	FDI ratio shall be less than 50%
Coastal water passenger transport (61121)	Allowed if all of the following are met: 1. Scope of permission: transportation between North and South Korea 2. Must be joint ventures with domestic shipping companies 3. FDI ratio shall be less than 50%
Coastal water freight transportation (61122)	Same as above
Scheduled air transport (62100)	FDI ratio shall be less than 50%
Non-scheduled air transport (62200)	FDI ratio shall be less than 50%
Leased line services (64211)	FDI in core telecommunication businesses is subject to domestic law: Foreign governments, foreign nationals and Korean corporations* may own 49% or less of the total number of stocks or equity with voting rights. However, FDI in Korea Telecom is allowed only when the FDI ratio is 49% or less, and the investment ratio of one individual is 15% or less; and a foreign investor cannot be a majority owner. * A corporation whose ratio of stocks owned by the foreign government or foreign nationals is 80% or more; a corporation whose major shareholders are foreign governments/nationals, and whose ratio of shares owned by them is 15% or more

I. OVERVIEW

Business (KSIC* code)	Criteria for Permission ¹
Wired telephone and other wired telecommunications (64219)	Same as above
Mobile telephone services (64221)	Same as above
Cellular telephone services (64229)	Same as above
Other unclassified telecommunications (64299)	Same as above
Domestic commercial banking (65121)	Allowed only for commercial banks
Investment trust companies (65931)	- FDI in securities investment and trust businesses is allowed - FDI in trust fund-related businesses is allowed wherein the commercial or special banks conduct businesses in conjunction with their primary business
Radioactive waste disposal (90230)	Allowed except for radioactive waste management as described in Article 82 of the Electricity Business Act
Radio broadcasting (92131)	NOT PERMITTED
Television broadcasting (92132)	NOT PERMITTED
Cable networks (87221)	- FDI ratio shall be 33% or less - FDI in news program supplying business is not allowed
Cable broadcasting (87222)	- FDI ratio in comprehensive cable broadcasting business shall be 33% or less - FDI in relay cable broadcasting businesses is not allowed
Satellite broadcasting (87223)	FDI ratio shall be 33% or less
News agency activities (88100)	FDI ratio shall be less than 25%

II. FDI PROCEDURES

1. FDI through Acquisition of Newly Issued Stocks

1. Establishment of a new company (100% subsidiary or joint venture with a domestic company)
2. Participation in capital increase of a domestic company (including FDI company)

(1) FDI notification (Article 5.1 of FIPA)

- Notifying party: Foreign investors or their proxy
- Notification place: KISC, major domestic banks, foreign banks
- Required documents:
 - FDI notification form for acquisition of newly issued stocks (2 copies; provided)
 - A power-of-attorney is required when filing notification through a proxy.
 - To be submitted if applicable (1 copy)
 - Document verifying the price evaluation, by a technology evaluation authority, of industrial/intellectual property rights
 - Document verifying the remaining properties following liquidation of a branch, liaison office or company
 - Document verifying the reimbursement amount of overseas loans

- Document verifying the amount received through a sale of stocks or real estate
 - Document verifying that stocks owned by a foreign investor are the shares of a foreign company listed on a foreign exchange stock market, and are acquired pursuant to the Foreign Exchange Transactions Act (FETA)
 - Certificate verifying capital transactions of real estate pursuant to Article 18 of FETA
 - Where the FDI ratio is less than 10%:
 - a. Agreement concerning officer's dispatch or appointment
 - b. Agreement concerning supply and purchase of products/raw materials for more than one year
 - c. Agreement concerning technical license or joint research and development project
 - Document verifying proceeds on sale of stocks, equity, real estate, etc.
- Processing period: On-the-spot (Institutions accepting the FDI notification form shall issue a certificate of FDI notification after reviewing the notification form and related documents.)

(2) FDI capital

■ When FDI capital is remitted from overseas:

- ① When FDI capital is remitted from foreign countries to a foreign exchange bank in Korea or a foreign bank's branch located in Korea, the recipient's name shall be that of the proxy or FDI company (the foreign-invested company's business name can be temporary, if necessary).

In this case, however, the FDI capital cannot be directly remitted to the proxy's private account or the FDI company's account. Rather, the capital shall be deposited in a separate account temporarily.

- ② FDI capital, remitted from overseas and deposited in the temporary account will be transferred to a "share subscription account." When this transaction is made, the bank shall issue a document confirming custody of paid-in capital (a required certificate when foreign investors register for incorporation in Korea).
- ③ Before or after filing the registration of incorporation, the FDI capital shall be converted into Korean won. The bank will issue a certificate of purchase/deposit of foreign currency, which is required when filing registration of an FDI company.

■ **When FDI capital is carried through customs:**

- ① When foreign investors personally bring in foreign currency in the form of cash or traveler's checks, they shall register the currency with the customs authority (e.g., airport customs authority). They shall then obtain a certificate of notification/confirmation of foreign currency issued by the authority and submit a copy of the certificate when filing business registration.
- ② FDI capital shall be deposited in foreign exchange banks. (When opening an account for non-residents, a certificate of notification/confirmation of foreign currency and a passport are required.)
- ③ When the FDI capital is transferred to the "share subscription account," the bank shall issue a document confirming custody of paid-in capital, a required certificate when foreign investors register for incorporation in Korea.

■ When capital goods are imported as FDI in kind:

- ① When foreign investors intend to import capital goods as FDI in kind, they shall prepare a list of imported capital goods (3 copies), and have the list reviewed and confirmed by the President of Korea Trade-Investment Promotion Agency (KOTRA) or by the head of a foreign exchange bank in Korea before shipment.
 - Required documents:
 - Application form for confirmation of imported capital goods (3 copies)
 - Document verifying the price of imported capital goods
- ② When the import of capital goods is completed, foreign investors shall apply for a confirmation of completion of FDI in kind.
 - The confirmation of completion of FDI in kind may be applied for at KISC.
 - Required documents:
 - Application form for confirmation of completion of FDI in kind (2 copies)
 - Certificate of import declaration
- ③ Foreign investors shall use the confirmation of completion of FDI in kind when filing the application for registration of incorporation.

(3) Registration of incorporation and business registration

■ Registration of incorporation

Proxy service for the registration of incorporation is provided free of charge by KISC:

- Preparation and submission of the documents to the competent authority
- Filing application of business registration by an official seconded from the Korea Tax Agency

☞ ***For more information on incorporation procedures, please see our publication “Guide to the Business Establishment in Korea” or visit Cyber KISC at www.investkorea.org.***

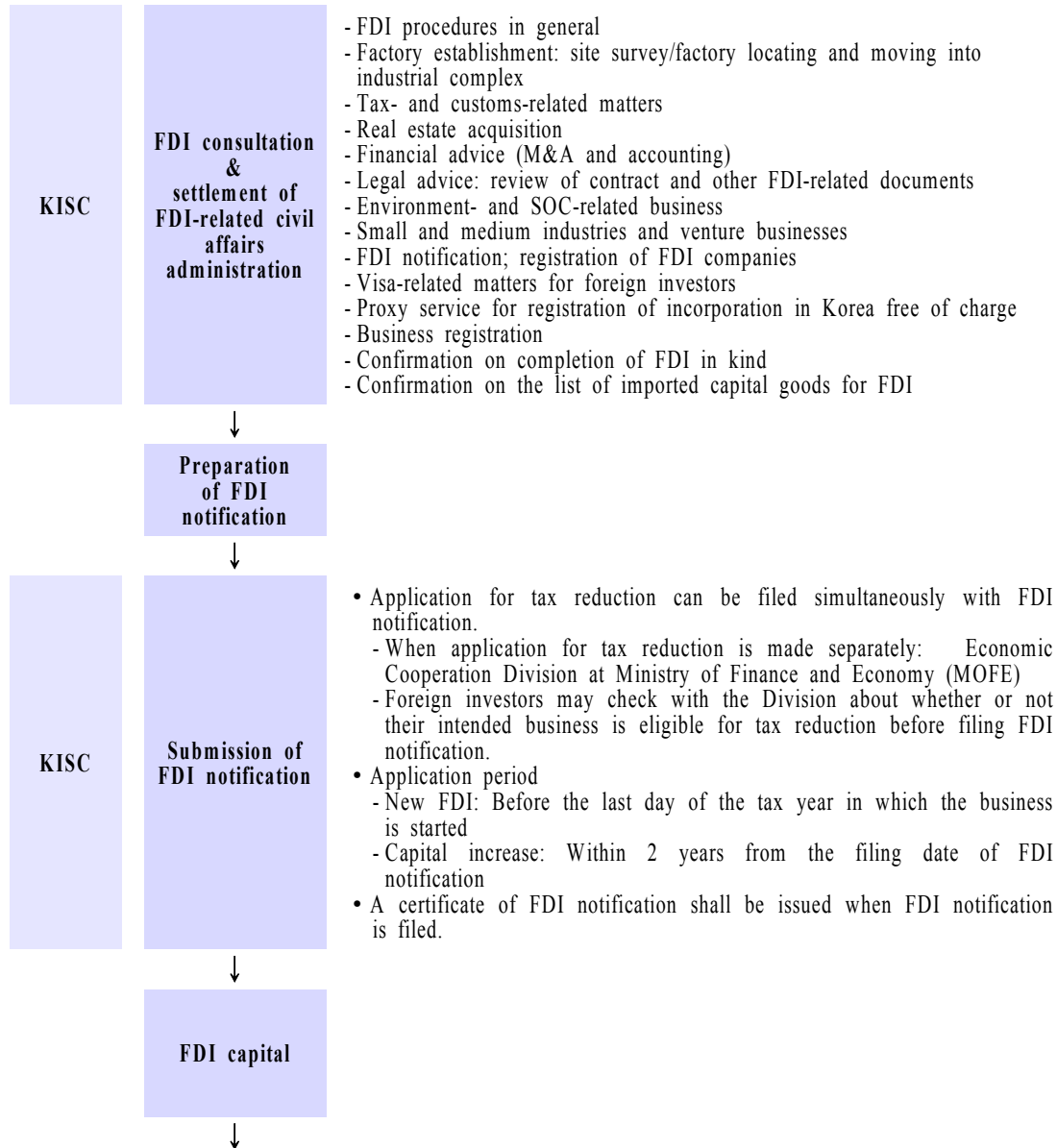
■ Business registration

- Registration period
 - In the case of a corporation, registration and incorporation usually are made simultaneously;
 - In the case of a personal business, registration is made within 20 days after starting the business
- Business registration can be applied for at KISC.
- With respect to the import of capital goods (e.g., FDI in kind, etc.), business registration shall be made before filing registration of incorporation or carrying in the capital goods in order to receive a value-added tax deduction.

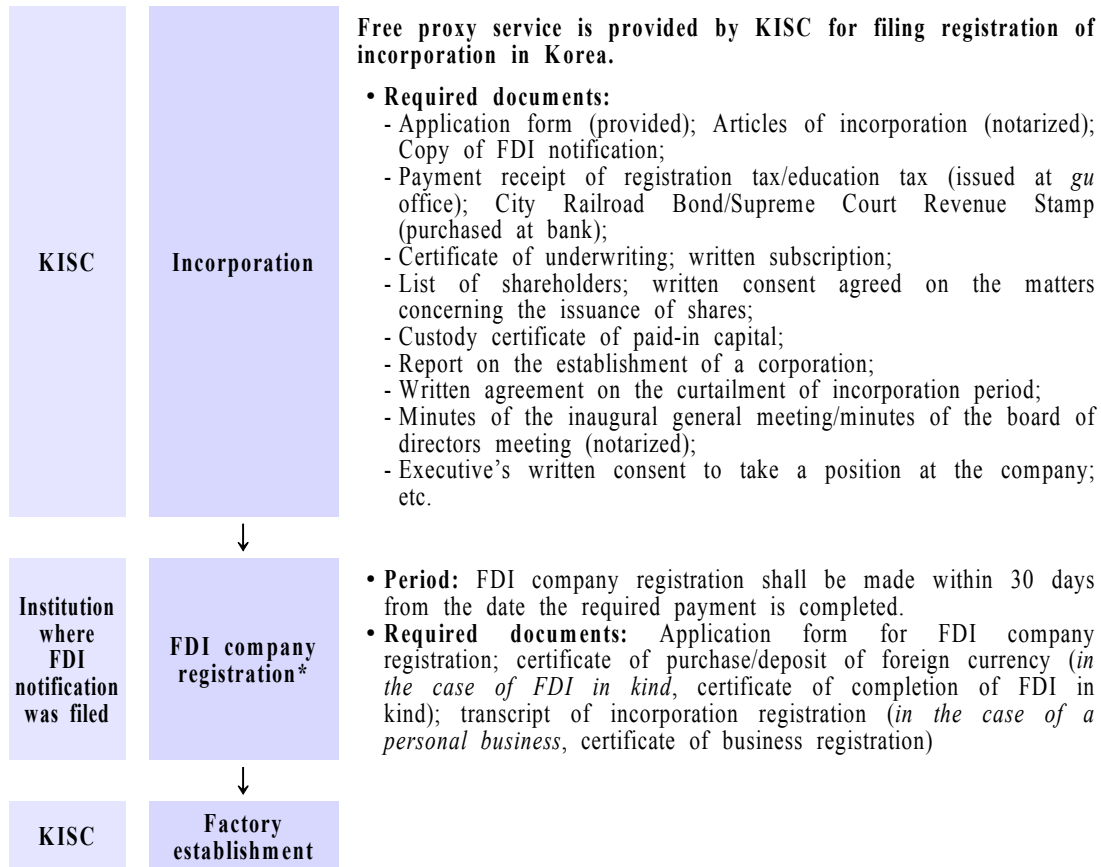
(4) FDI company registration

- Period: Within 30 days from the date the required payment is completed
- Place: Institution where FDI notification is filed or KISC
- Required documents:
 - Application form for FDI company registration
 - Certificate of purchase/deposit of foreign currency (*In the case of FDI in kind*, certificate of completion of FDI in kind)
 - Inspector's report and an appraisal by a certified appraiser pursuant to Article 422 of the Commercial Act (Submitted for capital contribution made through stocks or real estate)
 - Transcript of incorporation registration (*In the case of a personal business*, certificate of business registration)

FDI through acquisition of newly issued stocks



II. FDI PROCEDURES



* When modification in the reported FDI company registration is made, the institution where FDI company registration was previously filed shall be notified within 30 days from the date when the modification is made.

Cases where the modification of FDI company registration shall be filed:

- Where notification of acquisition of outstanding stocks of a company through mergers is made;
- Where notification of transfer/reduction of stocks is made;
- Where the name of an FDI company is changed;
- Where the name and nationality of a foreign investor is changed;
- Where FDI amount, type, ratio or business operated is changed;
- Where a stock transferor, loan provider, loan amount or loan terms are changed

2. FDI through Acquisition of Outstanding Stocks

Acquisition of outstanding stocks of a domestic company (including an FDI company) operating in the domestic market

- Direct transactions between foreign investors and domestic shareholders
- Foreign investors' acquisition of outstanding stocks in the stock exchange market

(1) FDI notification (Articles 6.1 and 6.3 of FIPA)

■ Notification matter: Acquisition of outstanding stocks of defense industry business

- Notifying party: Foreign investors or their proxy
- Notification place: KISC, major domestic banks, foreign banks
- Required documents:
 - FDI notification form for acquisition of outstanding stocks (2 copies; provided)
 - Other documents to be submitted, if applicable (1 copy):
 - Document verifying remaining properties after liquidation of branches, liaison offices or legal entities
 - Document verifying reimbursement amount of overseas loans or other overseas borrowings
 - Where FDI ratio is less than 10%:
 - a. Agreement concerning officer's dispatch or appointment
 - b. Agreement concerning supply and purchase of products/raw materials for more than one year

c. Agreement concerning technical license or joint research and development project

- Document verifying the amount received through the sale of stocks or real estate
 - Document verifying whether transferees are related parties in the case of two or more transferees
 - Document verifying that stocks owned by a foreign investor or company are the shares of a foreign company listed on a foreign exchange stock market, acquired pursuant to the Foreign Exchange Transactions Act (FETA); and transfer agreement containing terms of exchange such as price and rate between stocks acquired and issued.
- Processing period: On-the-spot (Institutions accepting the FDI notification shall issue a certificate of FDI notification after reviewing the notification form and related documents.)

■ Approval matter: Acquisition of outstanding stocks of defense industry business

- Party to be approved: Foreign Investment Promotion Division
- Application place: Foreign Investment Promotion Division at the Ministry of Commerce, Industry and Energy (MOCIE)
- Required documents:
 - FDI application form for approval of acquisition of outstanding stocks (2 copies; provided)
 - Other documents to be submitted, if applicable (1 copy)
 - Document verifying whether transferees are related parties in the case of two or more transferees
 - Document verifying remaining properties after liquidation of branch, liaison office or company

- Document verifying reimbursement amount of overseas loans or other overseas borrowings
 - Document verifying the amount received through the sale of stocks or real estate
 - Document verifying that stocks owned by a foreign investor are the shares of a foreign company listed on a foreign exchange stock market, and are acquired pursuant to the Foreign Exchange Transactions Act (FETA)
 - Certificate verifying real estate transactions pursuant to Article 18 of FETA
- The authority granting the approval shall decide after consultation on related matters with the competent ministries and shall notify to the applicant. There may be additional conditions in the case where the application is approved.

II. FDI PROCEDURES

Defense Industry Businesses in Korea		
Apro Tool Co., Ltd	Changwon Specialty Steel Co., Ltd.	Chunji Corporation
Daedong Gear Co., Ltd.	Daemyung Co., Ltd.	Daeshin Metal MFG. Co., Ltd.
Daewon Kang Up Co., Ltd.	Daewoo Heavy Industries & Machinery Ltd.	Daewoo Shipbuilding & Marine Engineering Co., Ltd.
Daewoo Telecom Ltd.	Daeyang Electric Co., Ltd.	Dong-il Automobile Industrial Co., Ltd.
Dongjin Electric & Machinery Co., Ltd.	Dongyang Junggong	Dooray Air Metal Co., Ltd.
DOOSAN Heavy Industries and Construction Co., Ltd.	Doowon Heavy Industrial Co., Ltd.	Electronic Optechs System Co., Ltd
Ewha Technology Information Ind. Co., Ltd.	First Technology Co., Ltd.	Gloval Hi-Tech Co., Ltd.
Halla Speco Heavy Industries Ltd.	Hankuk Communication Co., Inc.	Hankuk Fiber Glass Co., Ltd.
Hanil Forging Ind. Co., Ltd.	Hanjin Heavy Industries & Construction Co., Ltd.	Hanwha Corporation
Hunee Technologies	Hyopchin Industrial Co., Ltd.	Hyundai Heavy Industries Co., Ltd.
Hyundai J & Comm	Ilshin Communication Co., Ltd.	Jinyang Industrial Co., Ltd.
Jinyoung Precision Machine Co., Ltd.	Kanglim Co., Ltd.	Kangnam Corporation
Kia Motors Co., Inc.	Korea Aerospace Industries Ltd.	Korea Bell Helicopter Co., Ltd.
Korea DTS Inc.	Korea Heat treatment Co., Ltd.	Korea Lostwax Industrial Company Ltd.
Korea Special Packaging Co.	Korean Air Lines Co., Ltd.	KROSYS
Kukje Machinery Co., Ltd.	Kumho Industrial Co., Ltd.	LG Cable Ltd.
LG Innotek Co., Ltd.	MTEQ System	National Plastic Co., Ltd.
Oriental Industry Co., Ltd.	Poongsan Corporation	Pyunghwa Industrial Co., Ltd.
Raycom Korea Co., Ltd.	Rotem Company	Row Technology Co., Ltd.
Samgong Industrial Co., Ltd.	Samjeong Turbine Co., Ltd.	Samsung Electronics Co., Ltd.
Samsung Techwin Co., Ltd.	Samsung Thales Co., Ltd.	Samwoo Metal Ind. Co., Ltd.
Samyang Chemical Co., Ltd.	Seoul Engineering Co., Ltd.	Shinjeong Development Co.
Silver Star Co., Ltd.	STX Corporation	Suwon Paper Cone & Tube MFG. Co., Ltd.
Teckraf Co., Ltd.	Tongil Heavy Industries Co., Ltd.	Tongmyung Heavy Industries Co., Ltd.
Tongyang Lining Industries Co.	T.S Tech Co., Ltd.	Unimo Technology Ltd.
Valeo Electrical Systems Korea	World Industries Ace Corporation	Yeonhab Precision Co., Ltd.
Total 78 (as of February 2002)		

(2) FDI capital

■ When FDI capital is remitted to domestic foreign exchange banks:

- The remitted capital shall be converted into Korean won to pay for the acquisition of outstanding stocks, or the capital can be transferred directly to the stock transferor's account in foreign currency.
- Where foreign investors intend to pay for the acquisition of outstanding stocks by withdrawing the foreign currency, they shall obtain approval from the President of the Bank of Korea.
- Foreign investors need to be issued a certificate of purchase/deposit of foreign currency by a foreign exchange bank. This certificate is required when filing FDI company registration.

■ When capital is carried through customs:

- The foreign currency must be reported to the customs authority and be converted into Korean won to pay for the acquisition of outstanding stocks, or may be transferred directly to the stock transferor's account in foreign currency.
- Foreign investors need to be issued a certificate of purchase/deposit of foreign currency by a foreign exchange bank. This certificate is required when filing FDI company registration.

(3) FDI company registration

- FDI company registration (Article 21.1 of FIPA; Article 27 of the Enforcement Decree)
 - In the following cases, the company shall apply for registration to the notification agency within 30 days:
 - Completing the payment of capital
 - Acquiring outstanding stocks
 - Converting, acquiring or exchanging convertible bonds, exchangeable bonds or certificates of stock deposit
 - Where foreign nationals have invested a partial amount of more than KRW 50,000,000 in Korea prior to complete payment of intended capital.
 - Registration period: Within 30 days after acquisition of outstanding stocks
- Other required approvals
 - Foreign investors shall apply for individual approval for cases of corporate merger notification (Article 12 of the Monopoly Regulation and Fair Trade Act) concerning the acquisition of outstanding stocks if such acquisition is made over a certain amount.

(4) Acquisition of outstanding stocks of a domestic company by FDI companies

- For FDI companies whose FDI ratio is less than 50% and the largest shareholder is not a foreign national:

FDI companies can acquire outstanding stocks of other domestic companies.

- For FDI companies whose FDI ratio is 50% or more and the largest shareholder is a foreign national:

- Cases where acquisition of outstanding stocks by FDI companies are allowed:
 - Acquisition of outstanding stocks of domestic companies operating businesses open to FDI;
 - Acquisition of outstanding stocks of domestic companies operating businesses partially open to FDI within the allowable scope stipulated in the permission criteria;
 - Acquisition of less than 10% of outstanding stocks of domestic companies operating businesses closed to FDI;
 - Where FDI companies in finance or insurance, whose main business objective is to acquire stocks of other companies, acquisition of such stocks shall be made in accordance with the relevant laws
- Cases where acquisition of outstanding stocks by FDI companies are prohibited:
 - Acquisition of outstanding stocks of domestic companies operating businesses partially open to FDI beyond the allowable scope of stock acquisition;
 - Acquisition of 10% or more of outstanding stocks of domestic companies operating businesses closed to FDI

(5) Other matters to be noted

- Notification for an acquisition or transfer of outstanding stocks by means of purchase, inheritance or testament/gift (Article 7.1.3 of FIPA)

In cases where foreign nationals acquire stocks for a registered foreign-invested company from foreign investors by means of purchase, inheritance or testament/gift, he/she shall notify a competent agency of the acquisition of the stocks within 30 days after acquiring the stocks. However, in the case where the foreign investor

(transferor) notifies a transfer of stocks acquired to the competent agency, the foreign national shall be exempted from the obligation of notification (Article 23 of FIPA).

■ Acquisition of outstanding stocks in the stock exchange market

Where foreign nationals, who have already acquired 9% of the total outstanding stocks of a company in the stock exchange market, intend to additionally acquire 1.1% of the total outstanding stocks (thus making the total acquisition ratio in excess of 10%), they shall file FDI notification through acquisition (or apply for approval) of outstanding stocks prior to acquiring the additional 1.1%.

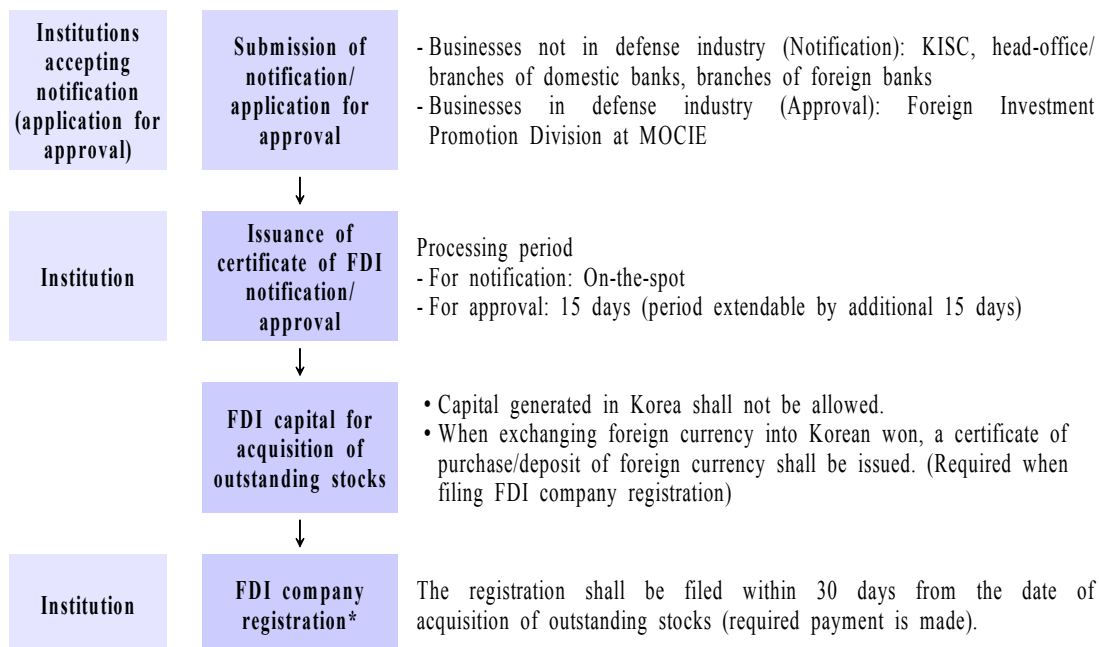
■ Investment in an FDI-restricted business, of which sales revenue is less than 1% of the total revenue of the controlling company (Article 5.2, 5.3 of the Enforcement Decree)

- Foreign nationals may invest in an FDI-restricted business if the revenue accrued from the restricted business is less than 1% that of the controlling company.
- However, after acquisition of the stocks of an FDI-restricted business, the foreign national shall transfer the stocks acquired in excess of the FDI-allowable ratio when revenue from the FDI restricted business exceeds 1% of the total revenue of the controlling company.

■ Restriction to investment in companies engaged in FDI-restricted business

Foreign nationals may not invest in a company that is classified as both a partially opened business and a closed business.

FDI through acquisition of outstanding stocks



*** When modification in the reported FDI company registration is made, the institution where FDI company registration was previously filed shall be notified within 30 days from the date when the modification is made.**

Cases where the modification of FDI company registration shall be filed:

- Where notification of acquisition of outstanding stocks of a company through mergers is made;
- Where notification of transfer/reduction of stocks is made;
- Where the name of an FDI company is changed;
- Where the name and nationality of a foreign investor is changed;
- Where FDI amount, type, ratio or business operated is changed;
- Where a stock transferor, loan provider, loan amount or loan terms are changed

3. FDI through Long-term Loan

Providing a loan with maturity of five years or more to an FDI company by its overseas parent company or by a company which has capital affiliation with the said parent company

(1) FDI notification (Article 8.1 of FIPA)

- Notifying party: Foreign investors or their proxy
- Notification place: KISC, major domestic banks, foreign banks
- Required documents:
 - Notification form of FDI made in the form of long-term loan (2 copies; provided)
 - Document verifying the identity of the overseas parent company or company which has capital affiliation with such parent company (1 copy)
 - Loan agreement (1 copy)
- Processing period: On-the-spot

(2) Modification in FDI notification (Article 5.2 of the Enforcement Decree)

- Where loan contract is changed:
 - Notification form (2 copies)
 - Modified loan agreement (1 copy)

■ Where loan provider is changed:

- Notification form (2 copies)
- Document verifying loan providers as being overseas parent company or as having capital affiliation with such parent company (1 copy)
- Modified loan agreement (1 copy)

4. FDI through Acquisition of Stocks following Mergers

- Where foreign nationals acquire stocks of an FDI company that are issued following a transfer of reserved surpluses or revaluation reserves into capital of the said FDI company
- Where foreign nationals acquire stocks of a legal entity which survives, or is newly organized, following mergers between an FDI company and other enterprises, based on rights arising from ownership of the stocks of the FDI company
- Where foreign nationals acquire stocks of an FDI company from a foreign investor by means of a purchase, an inheritance, a testament, or a gift
- Where foreign nationals acquire additional stocks by capital contribution of returns of profits derived from stocks acquired in accordance with FIPA
- Where foreign nationals convert, acquire or exchange bonds or other similar certificates (e.g., CB, EB, DR, etc.) into stocks

(1) FDI notification (Article 7.1 of FIPA)

- Notifying party: Foreign investor or their proxy
- Notification place: KISC, major domestic banks, foreign banks
- Required documents:
 - FDI notification form for stock or shares acquisition (2 copies; provided);
 - 1 copy of the document verifying acquisition of stocks or shares;
 - 1 copy of a document verifying that capital contribution is made to exercise substantial influence over the management of the legal entity or enterprises concerned (In case of acquisition amounting to less than 10% of the total shares)
 - Where FDI ratio is less than 10%:
 - a. Agreement concerning officer's dispatch or appointment
 - b. Agreement concerning technical license or joint research/development project
 - c. Agreement concerning supply and purchase of products/raw materials for more than one year
- Filing period: Within 30 days from the date of acquiring outstanding stocks, etc.
- Processing period: On-the-spot

5. Other FDI-related Notifications

(1) Confirmation of the list of imported capital goods (Article 29 of FIPA)

■ Items subject to be confirmed

Capital goods imported as FDI in kind eligible for exemption of customs duties

■ Procedure

Where foreign investors intend import capital goods as FDI in kind, they shall prepare a list of imported capital goods (3 copies), and have the list reviewed and confirmed by the President of KOTRA or by the head of a foreign exchange bank in Korea before such capital goods are shipped from overseas.

■ Required documents

- Application form for confirmation of imported capital goods (3 copies)
- Document verifying the price of imported capital goods

■ Customs clearance

- FDI companies shall notify the import of capital goods to a customs authority and obtain a certificate of import acceptance in order for the goods to be released.
- Documents to be submitted if capital goods are exempted from customs duties
 - Application form
 - Document verifying the business is subject to tax reduction/exemption
 - Document verifying the capital goods imported from foreign investors as international or domestic means of payment, or capital goods imported by foreign investor as object

of investment

- Certificate of the list of imported capital goods
- Other documents to be submitted when going through customs (e.g., invoices, B/L, certificates showing prices, etc.)

※ With respect to the import of capital goods (e.g., FDI in kind, etc.), business registration shall be made before filing registration of incorporation or importing the capital goods in order to receive value-added tax deduction.

(2) Confirmation on the completion of FDI in kind (Article 30 of FIPA)

- With respect to imported capital goods (FDI in kind) as object of investment, foreign investors should apply for the confirmation on the completion of FDI in kind after customs clearance.
- Application for certificate of confirmation on the completion of FDI in kind shall be made when the last shipment of the capital goods is made through customs, where the capital goods concerned pass through customs in many shipments.
- The confirmation on completion of FDI in kind may be applied for at KISC. An official seconded to KISC from Korea Customs Service will process the application.
- Required documents:
 - Application form for confirmation of completion of FDI in kind (2 copies)
 - Certificate of import declaration

■ Registration of capital

When completing the import of capital goods (FDI in kind) as object of investment, FDI companies are issued a certificate of completion of FDI in kind, and they submit it when registering the company at the Korea Court Registry and filing FDI company registration.

(3) Modification in FDI company registration (Article 27 of the FIPA)

■ Cases where the modification of FDI company registration shall be filed:

- Where notification of acquisition of outstanding stocks of a company through mergers is made;
- Where notification of transfer/reduction of stocks is made;
- Where the name of an FDI company is changed;
- Where the name and nationality of a foreign investor is changed;
- Where FDI amount, type, ratio or business operated is changed;
- Where a stock transferor, loan provider, loan amount or loan terms are changed

■ Notification

- Period: Within 30 days from the date on which the modification is made
- Place: Institution at which FDI notification was filed
- Required documents:
 - Notification form (2 copies)
 - Document verifying the reasons for the modification (2 copies)

(4) Disposition of capital goods (Article 22 of FIPA)

- Where foreign investors transfer, lease or use the imported capital goods for other purposes than notified, a notification to this effect shall be filed. However, for capital goods of which the issuance period of a certificate of import acceptance is 5 years or longer, a notification for the disposition is not required.
- Notification matter: Where the issuance period of import declaration for capital goods is less than 5 years
 - Notification place: Institution where FDI notification was filed
 - Required documents: Notification form for disposition of capital goods (2 copies)
- When FDI companies do not report on the disposition of capital goods, they shall be punished by imprisonment of up to five years, or by a fine of KRW50 million. (Article 33 of FIPA)
- Cases where exempted or reduced customs duties are subject to collection:
 - Where an FDI company registration is cancelled or where an FDI company closes down its business, the reduced or exempted tax amount on imported capital goods for the three years prior is subject to collection (five years for special excise tax and value-added tax), retroactive from the date of the cancellation or closedown. (Article 116.8 of the Special Tax Treatment Control Act)
 - Where imported capital goods are used or disposed of within three years from the date of import declaration for any purpose other than as notified, the reduced or exempted tax amount on imported capital goods is subject to collection (five years for special excise tax and value-added tax). (Article 116.8 of the Special Tax Treatment Control Act)

- Where foreign investors transfer stocks acquired pursuant to FIPA to Korean nationals or legal entities of Korea within three years from the date of exemption, the reduced or exempted tax amount on imported capital goods is subject to collection. (Article 116.7.1 of the Special Tax Treatment Control Act)
- Where the price of the capital goods is decreased because such goods have been deteriorated or damaged, reductions or exemptions corresponding to the reduced price may be applied when calculating additional tax collection.
- Cases where additional customs duties are exempted: (Article 121.5.5 of the Special Tax Treatment Control Act)
 - Where FDI company registration is cancelled due to mergers
 - Where capital goods in use after being imported with their customs duties exempted are used or disposed of for any purpose other than originally approved by the Minister of Finance and Economy as they were unable to be used for their original purpose due to the existence of a national disaster, *force majeure* or any other cause beyond control or due to any depreciation, technological progress or other changes in economic conditions
 - Where FDI companies transfer stocks to Korean nationals or companies for the purpose of public listing pursuant to the Securities and Exchange Act
 - Where the purpose of tax reduction or exemption other than those listed above is deemed achievable as determined by the Enforcement Decree

(5) Notification of transfer/reduction of stocks (Article 23 of FIPA)

■ Reasons for notification

- Where foreign investors transfer the shares to others
- Where foreign investors reduce share ownership following capital reduction

■ Notification period

- Share transfer: Within 30 days from the date on which the transfer agreement is signed
- Reduction of capital: Last day of the notification period for creditors pursuant to Article 439 of the Commercial Act

■ Required documents:

- Notification form for transfer/reduction of stocks or shares
- Copy of the document verifying a transfer or reduction of shares (e.g., contract, certificates, etc.)
- Copy of the certificate issued at the District Tax Office confirming the amount of tax paid (Only applicable when the purchaser is a foreigner)

III. TAX INCENTIVES FOR FDI

Tax reduction or exemption on corporate tax, income tax, acquisition tax, registration tax, property tax and aggregate land tax may be granted to foreign direct investment made in accordance with the Special Tax Treatment Control Act. (Article 9 of FIPA)

1. Businesses Eligible for Tax Incentives

(1) Hi-tech businesses or industry-supporting service businesses

To be eligible for tax incentives, businesses carrying advanced technology (high-tech businesses) or service businesses supporting domestic industry (industry-supporting service businesses) shall satisfy the following requirements:

- Technology having substantial economic and technological effects on the national economy and that are critical to advance industrial structure and to strengthen international competitiveness of domestic industry
- Technology of which the induced period is less than three years from the filing date of FDI notification or of the technology inducement contract; or technology of which the induced period is more than three years but is evaluated as having greater economic and technological superiority than the previously induced technology
- Technology of which processing of major components is mainly conducted in Korea

※ The complete list of high-tech businesses and industry-supporting service businesses

III. TAX INCENTIVES FOR FDI

that are eligible for tax reduction/exemption is stipulated in the Regulations on Tax Reduction and Exemption for Foreign Investment:

- Number of high-tech businesses: 467
- Number of industry-supporting service businesses: 111

☞ *For the complete list, visit Cyber KISC at www.investkorea.org*

(2) Businesses operated by FDI companies located in Foreign Investment Zones (FIZs)

Eligible businesses	Criteria to be eligible for tax incentives
Manufacturing industry	<p><i>In order to be eligible for tax incentives, an FDI company operating in an FIZ shall install new or additional factory facilities and satisfy the following conditions.</i></p> <p><Newly developed FIZ></p> <ul style="list-style-type: none"> • FDI amount is US\$50 million or more; • FDI ratio is 50% or more with 1,000 or more local employees <p><Where existing industrial complex is designated as an FIZ></p> <p>Where all or part of the existing national/regional industrial complex is designated as an FIZ, the FDI amount invested by an FDI company shall be US\$30 million or more with 300 or more local employees.</p>
Tourism industry	<p><i>In order to be eligible for tax incentives, an FDI company shall install new or additional facilities and satisfy the following conditions.</i></p> <ul style="list-style-type: none"> • Tourist hotel/waterfront hotel/international convention FDI newly notified by December 31, 2003, whose amount equals or exceeds US\$20 million. (In this case, required payment for FDI shall be completed by December 31, 2005) • Recreation/leisure/entertainment park facility FDI newly notified by December 31, 2003, whose amount equals or exceeds US\$30 million in the leisure and theme park business industry as stipulated in Article 2 of the Tourism Promotion Act. (In this case, required payment for FDI shall be completed by December 31, 2005)
Logistics	<ul style="list-style-type: none"> • Composite freight terminal/operation of logistics hub and harbor facilities • Freight transportation/freight handling/consignment and warehouse/freight terminal facility/freight transportation arrangement/logistics commissioner or agent FDI amount shall be US\$30 million or more

Foreign Investment Zone (FIZ)

- The Foreign Investment Zone (FIZ) system allows qualified foreign investors to designate an ideal site for their business and to receive benefits.
- **Designation:** Mayors or provincial governors can designate areas desired by foreign investors for investment as FIZs through the examination of the Foreign Investment Committee.
- **Cancellation of designation**
 - Where FDI companies housed in FIZs fail to satisfy the FIZ designation criteria, mayors or governors may demand that such companies satisfy the criteria within six months. (Article 26.2.1 of the Enforcement Decree)
 - However, if it is deemed that unavoidable reasons exist, the mayors or governors may extend the period only once within the period not exceeding the original requested period. (Article 26.2.1 of the Enforcement Decree)
 - Where FDI companies do not comply with the request within the 6-month period, the mayors or governors may ask the Foreign Investment Committee for a review to cancel the FIZ designation within 30 days from the date when the request should have been complied. (Article 26.2.2 of the Enforcement Decree)

- **Tax incentives and other support for FIZs**

- Tax reduction/exemption
- Exemption on rent for national properties in FIZs
- Exemption on the traffic inducement fee for construction of facilities in FIZs
- Support for medical, educational and housing facilities
- The construction costs and basic facilities needed for development of FIZs shall be supported in accordance with criteria of national industrial complexes.
- Items concerning national industrial complexes provided with governmental support (Articles 28 and 29 of the Industrial Sites and Development Act): Total costs for construction of basic facilities such as roads, water and sewage facilities, and cost of land purchase will be provided with up to 50% support; facilities such as harbors, roads, water facilities, railroads, communications and electricity facilities will be preferentially supported; taxes and fees imposed on developers of industrial complex projects shall be reduced or exempted.
- Exclusion of application of other laws
 - Where land is divided within an FIZ, the required approvals from the relevant authority shall be waived.
 - FDI companies within FIZs shall be excluded from: restriction on participation in business peculiar to small and medium enterprises; obligation to consignment on production of designated systemized items to small and medium enterprises; obligation to hire designated patriots and veterans.

Exemption from the obligation to hire designated patriots and veterans shall be temporarily applied until December 31, 2003.

(3) Businesses located in Free Trade Zone as stipulated in the Special Tax Treatment Control Act

Article 116.2.4, 116.2.5 of the Enforcement Decree of the Special Tax Treatment Control Act

In order to be eligible for tax incentives, new or additional factory facilities shall be installed and satisfy the following requirements.

- Manufacturing/logistics business operated by an FDI company located in a Free Trade Zone
 - For manufacturing businesses: FDI amount shall be US\$30 million or more with 300 or more local employees.
 - For logistics businesses: FDI amount shall be US\$30 million or more.
- Logistics businesses registered as stipulated in the law concerning Customs Free Zone
 - FDI amount shall be US\$30 million or more.
- ※ **Masan and Iksan Free Trade Zones (previously categorized as Free Export Zones)**
 - The previous Free Export Zone is newly designated as Free Trade Zone and the same rental fee as the FIZ is applied. (Article 6 in the supplement provision of the Act on the Establishment of Free Trade Zone)
 - Accordingly, the same tax incentives as those of FIZs are applied to the companies that move into a Free Trade Zone.

2. Period and Amount of Tax Incentives

(1) Corporate tax/income tax of FDI companies

- Article 121.2.2 of the Special Tax Treatment Control Act
- Period
 - For seven years from the year in which the profit is first made: Exemption
 - Three years thereafter: 50% reduction
- ✳ If a profit is not made even after five years from business commencement:
 - Exemption for seven years
 - 50% reduction for the next three years
- Tax amount to be reduced

(Total calculated tax amount x income acquired from business subject to tax incentives/tax base) x (FDI ratio)

(2) Corporate tax/income tax on dividends of FDI companies

- Article 121.2.9 of the Special Tax Treatment Control Act
- Period: Same as corporate tax or income tax

(3) Acquisition tax/registration tax/property tax/aggregate land tax on building and land acquired by FDI companies

■ Article 121.2.4 of the Special Tax Treatment Control Act

■ Acquisition/registration/property tax

• Period

- For the first five years from business commencement: Exemption
- Three years thereafter: 50% reduction

• Tax amount to be reduced: (Total calculated tax amount) x (FDI ratio)

- Local governments may extend the period for tax incentives up to 15 years or increase the rates by enacting new local government regulations.

※ For property acquisition made after decision on tax reduction:

• Acquisition/registration tax: Exemption

• Property tax

- Exemption for five years from the date of property acquisition
- 50% reduction for the next three years

■ Aggregate land tax

• Period

- For the first five years from business commencement: Exemption
- Three years thereafter: 50% reduction

• Amount to be deducted from taxable amount:

(Tax base for property acquired) x (FDI ratio)

- Local governments may extend the period for tax incentives up to 15 years or increase the rates by enacting new local government regulations.
- For property acquisition made after decision on tax reduction
 - Exemption for five years from the date of property acquisition
 - 50% reduction for the next three years

(4) Customs duty/special excise tax/value-added tax

■ Object eligible for reduction/exemption

Capital goods imported for the purpose of operating a business subject to tax incentives

※ This shall only apply to the capital goods imported in accordance with FDI through acquisition of newly issued stocks. (It shall not apply to FDI through acquisition of outstanding stocks.)

■ Period (Article 116.5 of the Enforcement Decree of the Special Tax Treatment Control Act)

- To be eligible for the exemption, import notification in accordance with the Customs Duties Act should be completed within three years from the date of FDI notification.
- However, where FDI companies cannot file import notification within the specified period due to unavoidable reasons, such as delays in approval for factory establishment, this time period can be extended by another three years in accordance with the approval of the Minister of Finance and Economy.

■ Place: Customs house (Korea Customs Service)

■ Required documents

- Application form for exemption from customs duty/special excise tax/value-added tax
- Copy of official document verifying that the business concerned is qualified for tax reduction/exemption
- Copy of document verifying that capital goods are imported as object of investment
- Copy of a list of imported capital goods

(5) Tax reduction/exemption for capital increase

- Article 121-4 of the Special Tax Treatment Control Act
- For a capital increase by FDI companies, the same regulations as newly notified FDI shall apply with respect to tax reduction/exemption.
- For stocks which foreign investors acquire through capital transfer of reserves, asset revaluation surplus or other reserves, the reduction/exemption shall be made depending on the remainder of such reduction/exemption period and the reduction/exemption for stocks forming a basis for such accrual.
- Where FDI companies file application for tax reduction/exemption by increasing its capital within five years after a substantial decrease of capital, the Minister of Finance and Economy shall make a decision on the tax reduction/exemption only for the net increased portion of FDI compared to capital amount before decrease. (Article 116.6.1 of the Enforcement Decree of the Special Tax Treatment Control Act)

(6) Tax reduction for business transfer related to hi-tech businesses or industry-supporting service businesses

■ **Corporate/income tax**

- Period
 - For the first three years from business commencement: 50% reduction
 - Two years thereafter: 30% reduction

■ **Corporate/income tax on dividend**

- Period
 - Same as FDI company's corporate/income tax

■ **Acquisition/registration/property tax**

- Period
 - For the first three years from business commencement: 50% reduction
 - Two years thereafter: 30% reduction

※ **However, in the case where properties are acquired prior to business commencement and after determination on tax reduction /exemption**

- Period
 - Acquisition/registration tax: 50% reduction
 - Property tax & aggregate land tax: subject to 50% reduction for the first three years from business commencement and 30% reduction for two years thereafter

3. Application for Tax Reduction/Exemption

(1) Application period

- Article 121.2.6 of the Special Tax Treatment Control Act
- For new FDI: By the closing date of the tax year in which an FDI company started its business
- For a capital increase: Within two years from the notification of capital increase

(2) Procedure

- Institution accepting application
 - Economic Cooperation Division at the Ministry of Finance and Economy (MOFE)
 - Foreign investors may submit the application form for tax reduction and exemption at KISC or a foreign exchange bank when filing FDI notification. In this case, the related documents shall be transferred to the MOFE.
- Required documents
 - Application form for tax reduction/exemption (3 copies; provided)
 - Document explaining the technology concerned
 - Document describing products and scope of the use of services produced or provided by the technology concerned (e.g., catalogs, brochures, etc.)
 - Document describing production method and its procedures (Limited to manufacturing

technology)

- Document showing economic effects or technological performance: Matters concerning performance, quality and cost savings compared with similar products
- Other documents showing that the technology concerned is advanced technology (e.g., documents for industrial property rights, notes of authentication, certificates proving success of examinations, data related to technology developments, past records of technology provided to third countries.)

※ Where foreign investors file application for prior checking of the eligibility of their intended business for tax reduction/exemption, the documents listed above should be submitted.

(3) Determination of tax reduction/exemption by the authority

- Processing period: Within 20 days from the filing date of the application
- The Minister of Finance and Economy shall consult with the relevant minister when reviewing the application for tax reduction/exemption.
- Where the Minister of Finance and Economy decides to grant tax incentives, he shall notify the decision to the applicant, to KISC, to the commissioned agency, to the Commissioner of the National Tax Agency, to the Commissioner of the Korea Customs Service and to the Head of the local government.
- Notification of business commencement

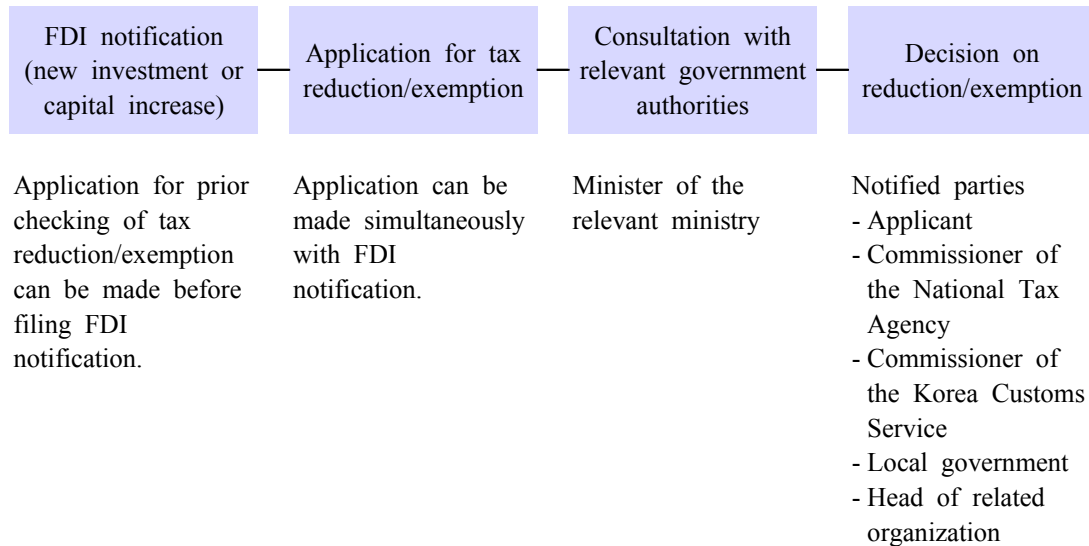
FDI companies that have obtained a decision on tax reduction/exemption prior to business commencement shall make a report on business start-up to the relevant District Tax Office within 20 days from the date of business commencement.

(4) Application for prior checking of tax reduction/exemption

- Foreign investors may file the application to confirm whether their intended business is eligible for tax incentives before filing FDI notification.
- Procedure
 - Place: Economic Cooperation Division at MOFE
 - Period: Before filing FDI notification
 - Processing period: 20 days
- ※ Where a person makes modification for the decision on tax reduction/exemption, such person shall file an application for modified contents of tax reduction/exemption to MOFE within two years from the date of occurrence of the cause for modification.

Tax reduction/exemption decision-making process

(period: within 20 days)



4. Tax Exemption for Royalty from Technology Inducement

Article 121.6 of the Special Tax Treatment Control Act

(1) Subject and period

- Where Korean nationals or companies induce advanced foreign technology critically needed to strengthen international competitiveness of domestic industry, corporate tax or income tax on royalty for technical license shall be exempted.
- Advanced technology subject to tax exemption shall be selected and posted by the

Minister of Finance and Economy after review of the Foreign Investment Committee

- Period of exemption: Five years from the date on which the first royalty payment is made

(2) Application

- Application period: One year from the contract agreement or the date on which the first royalty payment is made, whichever comes first
- Institutions accepting application: Government ministries in charge of the technology concerned
- Processing period: Seven days
- Required documents
 - 2 copies of application form for tax exemption on technology inducement
 - Copy of technology inducement contract
 - Documents proving size of technology development-related fund and advanced technology
 - Other documents proving/explaining technology subject to tax reduction/exemption

**Notification of contract agreement on technology inducement
(Article 25 of FIPA)**

- Subject of notification: Contracts whose effective term or payment period for technology inducement equals or exceeds one year for the following technologies:
 - Advanced technology subject to tax exemptions
 - Technology related to aircraft and spacecraft (including ground support facilities) and their components in accordance with Articles 2.2 and 2.3 of the Aerospace Industry Development Promotion Act
 - Technology concerning national defense materials in accordance with Items 1, 2, 4, 6, 7 and 10 of Article 4.2 of the Act on Special Measures for the Defense Industry
- Institutions accepting application: Ministries in charge of the technology concerned
- Processing period: On-the-spot (However, it may take seven days in the case where the application for tax exemption is made concurrently with the notification of technology inducement)
- Effective tax exemption period: A technology inducement contract shall be executed within six months from the date of notification. However, the period may be extended upon approval from the Minister of Commerce, Industry and Energy.

IV. OTHER SUPPORT FOR FDI

1. Lease of National and Local Government Properties

(1) Lease of national government properties (Article 13 of FIPA)

- FDI companies are offered reduced rental fees for properties of the national and local governments.
- The lease period can be for up to 50 years and FDI companies can construct facilities such as factories on the leased land on the condition that the facilities are donated or the property is returned to the national or local government after resonation to its original condition when the lease contract is terminated.
- Reduction of or exemption from rental fees
 - Complexes solely for FDI companies, foreign investment zones in the state's industrial complex and government properties are eligible for reduction of or exemption from rental fees.
 - Criteria
 - Businesses eligible for exemption:
 - FDI companies locating in FIZs
 - Companies in advanced technology business, with FDI of at least US\$1 million, and that move into industrial complexes reserved exclusively for FDI companies (Foreign Investors' Industrial Complex)
 - Businesses eligible for up to 75% reduction:
 - Manufacturing companies located in Foreign Investors' Industrial Complexes, with FDI

of at least US\$5 million

- Companies that contribute substantially to the expansion of social overhead capital, adjustment of industrial structure or financial independence of local governments, as designated by the Foreign Investment Committee

- Businesses eligible for up to 50% reduction:

- Companies with advanced technology located in National Industrial Complexes throughout the nation, and with FDI of at least US\$1 million
- Manufacturing companies with FDI of at least US\$5 million
- FDI companies operating businesses designated by the Foreign Investment Committee such as expansion of SOC

(2) Lease of local government properties (Article 13 of FIPA)

- Rental period: Up to 50 years, same as national government properties
- Businesses eligible for rent reduction/exemption for properties owned by local governments and the rate for such reduction/exemption shall be decided by ordinances of the local government concerned.

(3) Purchase of national and local government properties

- With respect to the sale of national or local government properties to FDI companies, the purchase price may be paid by installment method in the case where a lump-sum payment is considered difficult. In this case, the applied interest rate is less than 4% per annum.
- National government properties: payment period may be extended up to one year, or installment payments may be made for 20 years.

- Local government properties: payment period shall be extended, or installment payments must be allowed according to the ordinances of the local government concerned.

Procedures for rental reduction/exemption for public properties

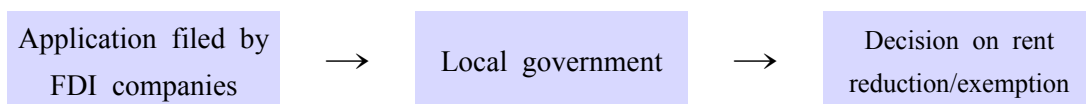
- For national government properties



※ Documents required for application for rent reduction/exemption

- Documents verifying that the business concerned is subject to rent reduction/exemption
- Copy of lease contract

- For local government properties



2. FDI-related Civil Affairs Administration

(1) Types of civil applications

The Foreign Investment Promotion Act (FIPA) stipulates three types of civil applications for foreign investors. Those who engage in FDI activities in Korea can request KISC to take care of FDI-related civil applications stipulated in FIPA.

- On-the-spot processing of permits and approvals
- Comprehensive processing of permits and approvals necessary for investment projects in bulk
- Individual processing of permits and approvals

(2) Processing of civil applications

On-the-spot processing of permits and approvals

■ Concept (Article 17.2 of FIPA)

Civil applications may be processed directly by officials seconded to KISC from government ministries as stipulated in the FIPA; therefore, foreign investors can file the seven civil applications described below at KISC.

IV. OTHER SUPPORT FOR FDI

■ Application types and processing periods: Attachment 1 of the Enforcement Decree

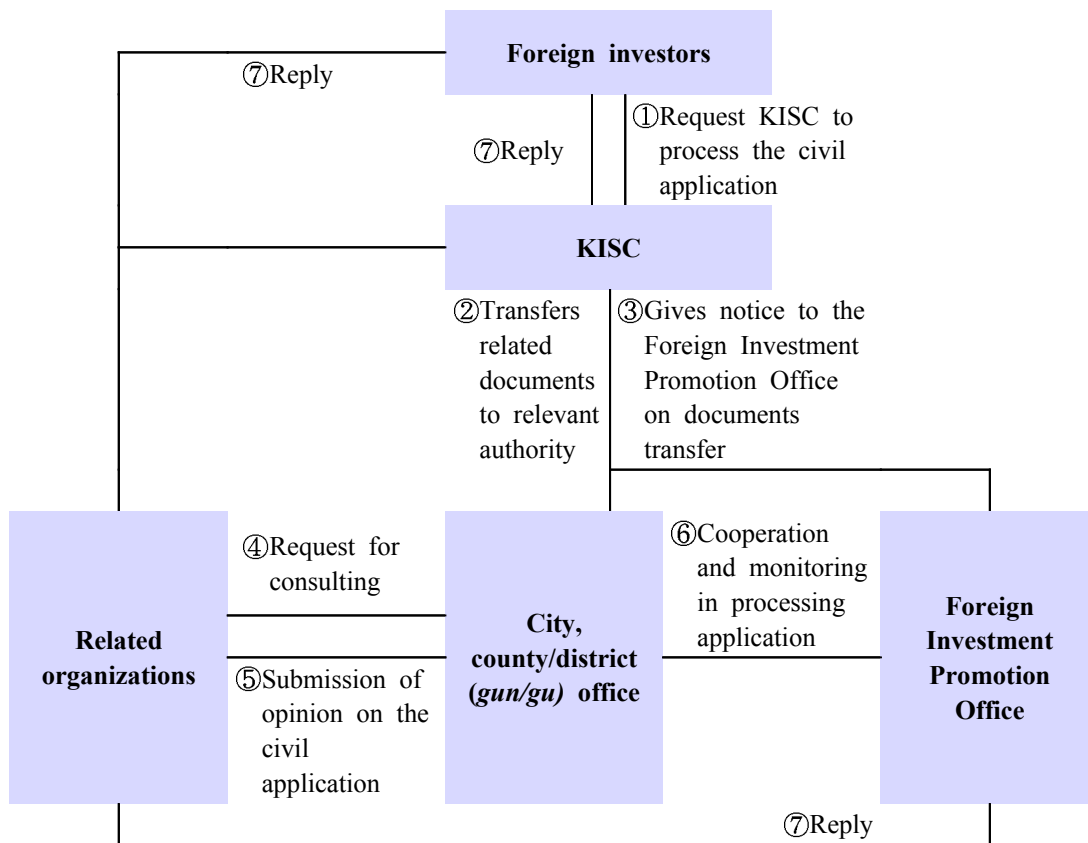
Type of Civil Application	Legal Basis	Processing Period
1. Confirmation on completion of FDI in kind	Article 30.3 of FIPA	On-the-spot
2. Granting of status of sojourn	Article 23 of the Immigration Control Act	On-the-spot
3. Permission for changes of status of sojourn	Article 24.1 of the Immigration Control Act	On-the-spot
4. Permission on extension of sojourn period	Article 25 of the Immigration Control Act	On-the-spot
5. Permission for reentry	Article 30.1 of the Immigration Control Act	On-the-spot
6. Report on modification in foreigner registration matters	Article 35 of the Immigration Control Act	On-the-spot
7. Business registration	Article 5 of the Value-added Tax Act	7 days

Comprehensive processing of permits and approvals necessary for investment projects

■ Concept (Article 17.3 of FIPA)

This type of civil application is divided into 5 main categories. For each main category, there are supplementary approvals attached to the main approval/permission. If the main approval/permission is made, those attached to the main approval/permission are automatically made. (Article 17.1 of FIPA)

■ Procedure



- ① Foreign investors may request KISC to prepare and submit the required documents for approval/permission to the relevant authority (Applications may be submitted directly to the investment promotion office located in the corresponding city or province).
- ② KISC transfers the documents to the city/county/district office.
- ③ KISC notifies the Foreign Investment Promotion Office of transfer of the documents.
A Foreign Investment Promotion Office may be established in cities and provinces to actively facilitate FDI, and to provide effective assistance with respect to permissions, approvals, licenses, sanctions, designations, notifications, suggestions and agreements relating to FDI.
- ④ The head of the authority in charge of processing the civil application shall promptly consult with the heads of related organizations; and the heads of such organizations, if consulted, shall submit opinions within the specified time period.
- ⑤ Where the heads of related organizations disagree with the application, they shall notify the head of the authority of the reasons thereof, and should there be no response to the application within the time period stipulated by FIPA, the organizations shall be regarded as having no negative opinions.
- ⑥ The Foreign Investment Promotion Office shall check on the processing of the application, and if necessary, provide assistance.
- ⑦ If the civil application is rejected, the reasons and legal basis of the rejection must be reported in writing to the foreign investors concerned.

■ Matters to be noted

- All civil applications shall be processed within the specified period, and in the case where such application is not handled within the period, FDI application for approval/permission shall be regarded as being granted on the following day of the

processing period expiration date. (Article 17.5 of FIPA)

- Where the application documents are incomplete, such as lacking attached documents, the head of the relevant authority may grant permission in advance on the condition that such documents will be provided later. (Article 17.10 of FIPA)
- Where foreign investors submit documents verifying the elimination of reasons for the rejection, thus meeting approval requirements, the head of the relevant authority shall approve the originally requested application within three days from the submission of the said documents. In such case, the said head or officials shall not reject the re-submitted application for the same reasons as the first application. (Article 17.7 of FIPA)
- Matters not stipulated in FIPA or the Enforcement Decree regarding processing of the application for approval/permission shall be governed by the laws concerning processing of civil applications. (Article 24 of the Enforcement Decree)

IV. OTHER SUPPORT FOR FDI

- Application types (Attachment 1 of FIPA; Attachment of 2 of the Enforcement Decree)

Main approval/permission	Supplementary approvals/permission	Required documents
Type 1. Approvals of factory establishment pursuant to Article 13 (1) of the Industrial Placement and Factory Construction Act	26 approvals in accordance with 16 individual acts	Applications for approvals of factory establishment, etc. <ul style="list-style-type: none"> - Copy of business plans - Copy of map indicating planned site for factory establishment - Copy of a legal statement regarded as permission for factory establishment - Copy of a document stating the right to use land and building (Limited to cases wherein the application for factory establishment through use of an existing building is submitted)
Type 2. Approvals of business plans pursuant to Article 21 of the Support for Small and Medium Enterprise Establishment Act	26 approvals in accordance with 14 individual acts	Applications for approvals of business plans, etc. <ul style="list-style-type: none"> - Copy of business plans (Limited to cases where the application for approval is submitted) - Copy of a document stating modification in the business plans and reasons (Limited to cases where the application for approval of the modification is submitted) - Copy of a document describing the original contents of the business plans and modified contents (Limited to cases where the application for approval of the modification is submitted) - Copy of a legal statement regarded as permission for business plans - Copy of a document stating FDI ratio (Limited to cases where the application to receive levy reductions or exemptions for transfer of use in agricultural areas, etc. is submitted) - Copy of a document stating FDI ratio (Limited to cases where the application to receive levy reductions or exemptions for diverting the use of land is submitted)

Main approval/permission	Supplementary approvals/permission	Required documents
Type 3. Permissions for construction pursuant to Article 8 of the Building Act	27 approvals in accordance with 17 individual acts	Applications for construction permission <ul style="list-style-type: none"> - Document proving the land size for building construction and the land ownership or the right to use such land - Copy of basic blueprint of the building (including an outline of the building) - Copy of a legal statement regarded as approval for construction permission - Copy of the document stating FDI ratio (Limited to cases where the application to receive the levy exemption or reductions for transfer of use of agricultural areas, etc. is submitted)
Type 4. Permissions for wastewater discharge facilities pursuant to Article 10 of the Water Quality Conservation Act (Permissions for facilities of air pollutant discharge pursuant to Article 10 of the Clean Air Conservation Act where there is no wastewater discharge facility)	7 approvals in accordance with 6 individual acts	Applications for approvals of installation of discharge facilities <ul style="list-style-type: none"> - Copy of flow chart of operation process of facilities - Copy of a legal statement regarded as permission for wastewater or air pollutant discharge facilities
Type 5. Approvals of use of building pursuant to Article 18 of the Building Act	12 approvals in accordance with 11 individual acts	Applications for approvals of building, etc. <ul style="list-style-type: none"> - Copy of a report on the completion of construction supervision - Copy of blueprint (Limited to cases required to report pursuant to Article 9 (1) of the Construction Act) - Copy of certificate of license (granted when use of building is approved)
NOTE: Processing period to acquire approvals or permissions described above is between 7 to 30 days depending on the application.		

Individual processing of permits and approvals

■ Concept (Article 24.2 of the Enforcement Decree)

Civil applications that require approvals and permissions may be processed individually in accordance with the relevant laws.

■ Procedure

With regard to processing the 96 individual permits and approvals stipulated in FIPA, those who engage in foreign direct investment (FDI) activities in Korea can request the *Office of Investor Support* at KISC to process the documents (Article 17.3 of FIPA).

☞ *For the complete list of individual permits and approvals, please visit Cyber KISC at www.investkorea.org*

3. Others

- FDI companies may allot dividends by or with newly issued stocks up to the amount equivalent to the total amount of the dividends determined by the special resolution pursuant to Article 434 of the Commercial Act, notwithstanding Article 462.2.1. of the same Act, which prohibits share dividends from exceeding 1/2 of the total profits. (Article 30 of the FIPA)
- Where technology evaluation institutions stipulated by the Enforcement Decree evaluates the price of industrial property rights invested as object of investment, such evaluation shall be regarded as appraised by certified evaluators pursuant to Article 299.2 of the Commercial Act. (Article 30.4 of FIPA)

< APPENDIX >

FDI-related Notification and Application Forms

[Form No. 1]i
Foreign Investment Notification Form for the Acquisition of Newly Issued Stock

[Form No. 2]iii
Notification Form for Change in Content of Foreign Investment in regards to the Acquisition of Newly Issued Stock

[Form No. 3]iv
Foreign Investment Notification Form/Authorization Application Form for the Acquisition of Outstanding Stock

[Form No. 4]vi
Notification Form/Authority Application Form for Change in Content of Foreign Investment in regards to the Acquisition of Outstanding Stock

[Form No. 5]vii
Notification Form for Stock or Shares Acquisition

[Form No. 6]ix
Notification Form/Change in Content Form of Foreign Investment Made in the Form of Long-term Loan

[Form No. 22]x
Notification Form for Transfer/Reduction of Stock or Shares

Foreign Investment Notification Form for the Acquisition of Newly Issued Stock						Foreign investment	
						Term of Completion	
						Immediate	
Foreign Investor	①Name					③Nationality	
	②Address						
Domestic Investor	④Name		(Tel:)				
Foreign Invested Enterprise	⑤Name		Korean:		⑥Capital	Before the Acquisition: Won	
			English:			After the Acquisition: Won	
	⑦Business Registration Number(Head Quarter)						
	⑧Address		Head Quarter		(Tel:)		
			Factory(or The Business Place)		(Tel:)		
	⑨Business of Intent						
※in Korean standard industrial classification code no.		(will be provided by the Delegated Agency)					
⑩Present Foreign Investment Amount and Percentage			Acquisition Price: Won (USD), %				
⑪Type of Investment	<input type="checkbox"/> Creating corporation(<input type="checkbox"/> Single, <input type="checkbox"/> Joint) <input type="checkbox"/> Purchase of newly issued stocks - (<input type="checkbox"/> domestic company, <input type="checkbox"/> Foreign Invested Enterprise) <input type="checkbox"/> Others				⑫Objective of Investment	<input type="checkbox"/> Establishment of New factory or <input type="checkbox"/> Business Place <input type="checkbox"/> Merger & Acquisition <input type="checkbox"/> Others	
⑬Method of Investment	Cash Amount	Won (USD)		Intellectual Property Rights	Won (USD)		
	Capital in Kind	Won (USD)					
	Stock	Won (USD)					
	Real estate	Won (USD)					
⑭Content of Stock(Shares) to be Acquired	Type		Face value per stock		Acquisition Price per Stock		
	Quantity		Total Amount of face Value of Stock		Total Acquisition Price		
⑮Foreign Investment Amount and Percentage after the Acquisition			Acquisition Price: Won (USD), %				
<p>In accordance with regulations in Article 5, Paragraph 1, of the Foreign Investment Promotion Act, the above is notified.</p> <p style="text-align: center;"> Year Month day Applicant (Signature or Seal) (or Power of Attorney) (Telephone No:) </p> <p>Delegated Authority</p>							
<p>For the Applicant Notification No.:</p> <p>The above notification is confirmed.</p> <p style="text-align: center;"> Year Month Day Delegated Authority: </p>							

	Processing Fee
	Exempt

※ Required Document

1. A copy of a document providing proof of the monetary value of an Intellectual Property Right evaluated by a technology evaluation authority stipulated in Article 39, Paragraph 2, of the Enforcement Decree (Only in the event of the application of Article 2, Paragraph 1, Item 7, Sub-Item "Ra", of the Foreign Investment Promotion Act)
2. A copy of a document providing proof of the remaining property after liquidation of a branch or representative office(Only in the event of the application of Article 2, Paragraph 1, Item 7, Sub-Item "Ma", of the Foreign Investment Promotion Act)
3. A copy of a document providing proof of the reimbursement amount of a type of an overseas loan(Only in the event of the application of Article 2, Paragraph 1, Item 7, Sub-Item "Ba", of the Foreign Investment Promotion Act)
4. A copy of a document providing proof of the stocks which fall under Article 2, Paragraph 5, of the enforcement Decree(Only in the event of the application of Article 2, Paragraph 1, Item 7, Sub-Item "Sa", of the Foreign Investment Promotion Act)
5. A copy of the certificate of complete declaration on capital transaction of the real estate to be invested, pursuant to Article 18 of The Foreign Exchange Law(Only in the event of the application of Article 2, Paragraph 1, Item 7, Sub-Item "Aa", of the Foreign Investment Promotion Act)
6. A copy of a document providing proof of the contract falling under Article 2, Paragraph 2, Item 2, of the Enforcement Decree(Only in the event of the application of Article 2, Paragraph 2, Item 2, of the Enforcement Decree)
7. A copy of a document providing proof of the amount received through the sale of stock(shares) or real estate
(Only in the event of the application of Article 2, Paragraph 6, of the Enforcement Decree)

This notification will be processed as follows.

Applicant	Authority
	Delegated authority
<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 150px;">Notification</div>	<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 150px;">Acceptance</div>
	↓
	<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 150px;">Review & Confirmation</div>
	↓
<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 150px;">Receipt</div>	<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 150px;">Issuance of certification</div>

[Form No.2]

				Foreign Investment	
Notification Form for Change in Content of Foreign Investment in regards to the Acquisition of Newly Issued Stock					Term of Completion
					Immediate
Content of Foreign - Investment Notified prior to Change	①Date of Notification	Year		Month	Day
	②Name of Foreign Investor		③Nationality		
	④Amount of Foreign Investment and Percentage	Won (USD), %			
	⑤Method of Investment				
	⑥Business of intent				
	⑦Address of Foreign Invested Enterprise				
	Change of Content	⑧Content Previously Notified		⑨Content after Change	
<p>In accordance with regulations in Article 5, Paragraph 1, of the Foreign Investment Promotion Act, the above is notified.</p> <p style="text-align: right;">Year Month Day</p> <p style="text-align: right;">Applicant (Signature or Seal)</p> <p style="text-align: right;">(or Power of Attorney) (Telephone No.:)</p> <p>For the Delegated Authority</p>					
<p>For the Applicant</p> <p>Notification Number :</p> <p>The above notification is confirmed.</p> <p style="text-align: right;">Year Month Day</p> <p style="text-align: right;">Delegated Authority: Official Seal</p>					
<u>Required Document</u>					Processing Fee
					Exempt
<p>A copy of a document providing proof of the contract falling under Article 2, Paragraph 2, Item 2 of the Enforcement Decree(Only in the event of the application of Article 2, Paragraph 2, Item 2 of the Enforcement Decree)</p>					

[Form No. 3]

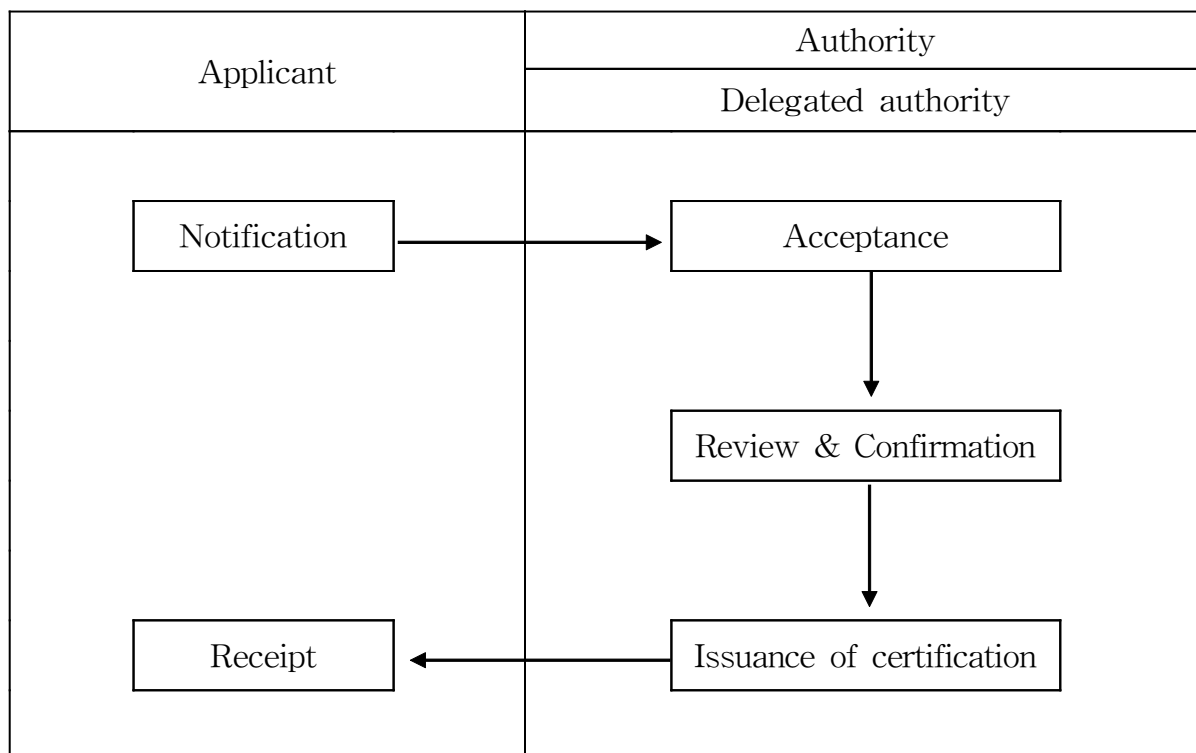
(Front)

Foreign Investment		<input type="checkbox"/> Notification Form <input type="checkbox"/> Authorization Application Form		for the Acquisition of Outstanding Stock		Foreign Investment	
						Term of Completion	
						Notification : Immediate Authorization : 15 days	
Enterprise of Stock Issuance	①Name			②Business Registration No.			
	③Address						
	④Factory(Business) location	(Telephone No. :)					
	⑤Present Business				⑥Capital		
	※in Korean Standard Industrial Classification code no.		(will be provided by the Delegated Authority)				
⑦Acquirer of stock (shares)		Name	(Tel:)		⑧Nationality		
⑨Seller of Stock (shares)		Name	(Tel:)				
⑩Present Foreign Investment Amount and Percentage		Acquisition Price:		Won (USD)		%	
⑪Content of Stock (shares) to be Acquired	Type		Face value per Stock		Acquisition Price per Stock		
	Quantity		Total Amount of Face Value Stock		Total Acquisition Price		
⑫Foreign Investment Amount and Percentage after the Acquisition		Acquisition Price:		Won (USD)		%	
<p>In accordance with regulations in Article 6, Paragraph 1, and Paragraph 3, of the Foreign Investment Promotion Act, the above is notified.</p> <p style="text-align: center;"> Year Month Day Applicant (Signature or Seal) (or Power of Attorney) (Telephone No. :) </p> <p>For the Delegated Authority (or the Minister of Commerce, Industry and Energy)</p>							
<p>For the Applicant</p> <p>Notification (Authorization) No : The above notification (authorization) is confirmed. Authorization Condition :</p> <p style="text-align: center;">Year Month Day</p> <p style="text-align: right;">Delegated Authority (or The Minister of Commerce, Industry and Energy) : Official Seal</p>							
※ Required Documents						Processing Fee	
						Exempt	
<p>1. A copy of a document in relation to regulations in Article 2, Paragraph 1, Item 2, Item 3, Item 6, Item 7 of the Working Rules</p> <p>2. In the event there are more than two recipients of the stock, a copy of a document of proof must be provided to prove the status of a specially related person</p> <p>3. A copy of a document providing proof of the stocks which fall under Article 2, Paragraph 5, of the Enforcement Decree and a copy of the conveyance of stocks stipulating conditions of exchange including amount and rate of exchange of the stocks to be invested and acquired(Only in the event of investment and acquisition of the stocks falling under article 2, paragraph 1 item 7, sub item "Sa", of The Foreign Investment Promotion Act)</p>							

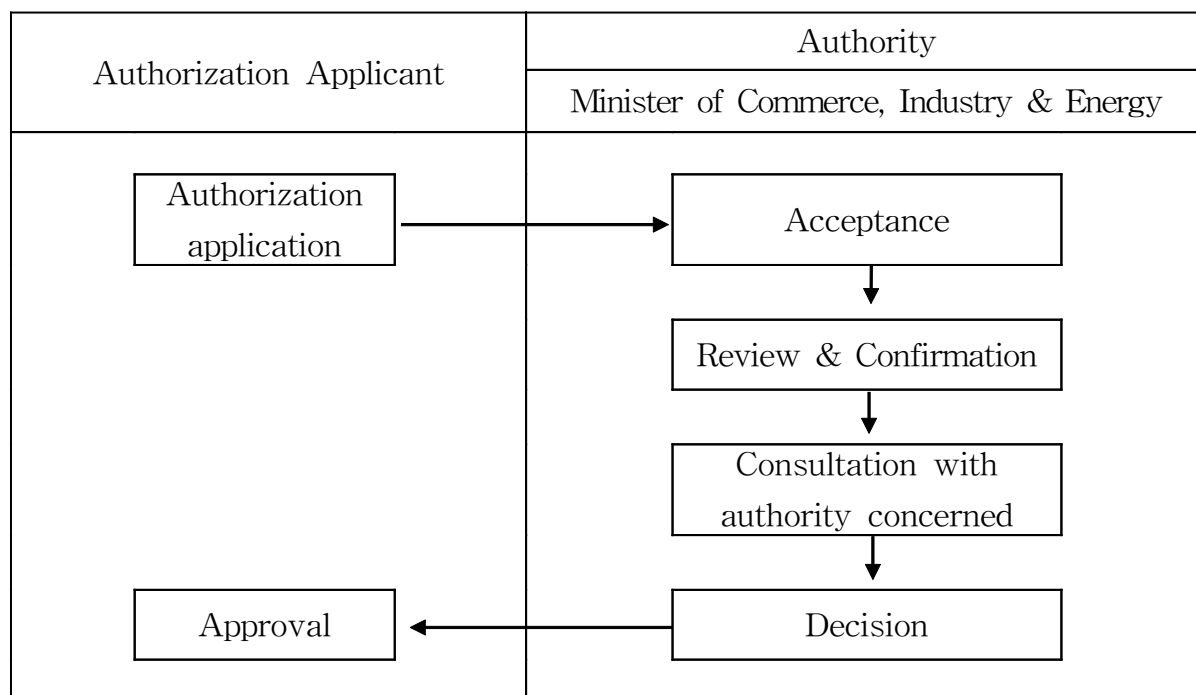
210mm×297mm(Standard Paper 60g/m²(Recycled Paper))

This notification and authorization application will be processed as follows

[In case of notification]



[In case of authorization application]

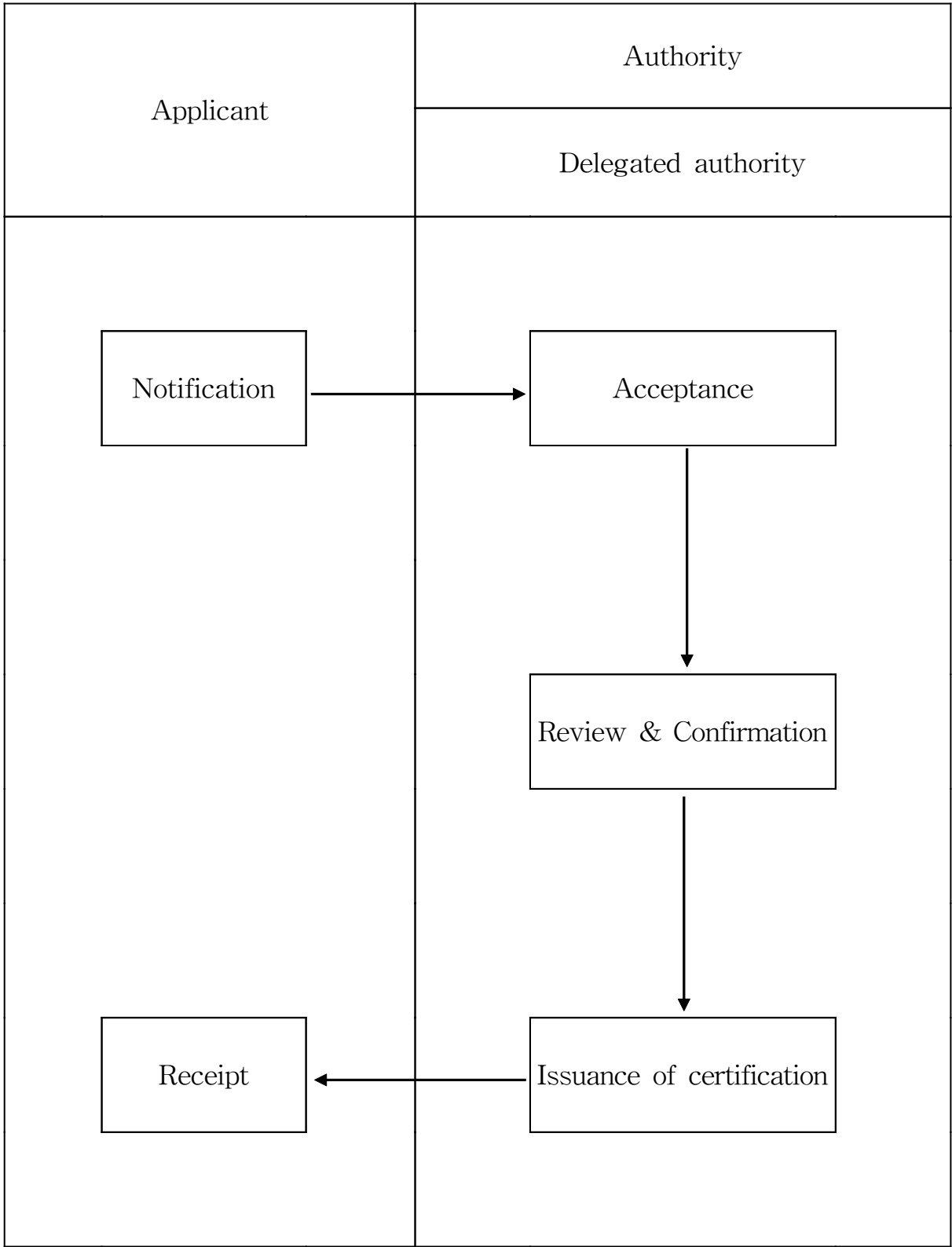


[Form No. 4]

		Foreign Investment	
<input type="checkbox"/> Notification Form <input type="checkbox"/> Authority Application Form		for Change in Content of Foreign Investment in regards to the Acquisition of Outstanding Stock	
		Term of Completion	
		Notification : Immediate	
		Authority Application: 15 days	
① Date of Notification (Authorization) of stock Acquisition		Year	Month Day
② Name of Foreign Investor		(Telephone No. : -)	
③ Name of Enterprise Issuing Stock			
Change of Content	④ Content Previously Notified (Authorized)	⑤ Content After Change	
<p>In accordance with regulations in Article 6, Paragraph 1 and Paragraph 3 of the Foreign Investment Promotion Act, the above is notified.</p> <p style="text-align: center;">Year Month Day</p> <p style="text-align: center;">Applicant (Signature or Seal)</p> <p style="text-align: center;">(or Power of Attorney) (Telephone No. :)</p> <p>For the Delegated Authority (or The Minister of Commerce, Industry and Energy) :</p>			
<p>For the Applicant</p> <p>Notification (Authorization) No. :</p> <p>The above notification is confirmed.</p> <p style="text-align: center;">Year Month Day</p> <p>Delegated Authority (or The Minister of Commerce, Industry and Energy) : Official Seal</p>			
<u>Required Document</u>			Processing Fee
			Exempt
<p>1. A copy of a document providing proof of the contract falling under Article 2, Paragraph 2, Item 2 of the Enforcement Decree (Only in the event of the application of Article 2, Paragraph 2, Item 2 of the Enforcement Decree)</p> <p>2. In the event there are more than two recipients of the stock, a copy of a document of proof must be provided to prove the status of a specially related person</p>			

Notification Form for Stock or Shares Acquisition							Foreign Investment
							Term of Completion
							Immediate
Foreign Invested Enterprise	①Name	Korean:			②Business Registration		
		English:			No(Head Quarter)		
	③Address	Head Quarter	(Tel:)		④Capital	Before the Acquisition: Won	
		Factory(Business) location	(Tel:)			After the Acquisition: Won	
	⑤Present Business						
	※in Korean standard industrial classification code no.			(will be provided by the Delegated Agency)			
Foreign Investor	⑥Name					⑦Nationality	
	⑧Address		(Tel:)				
Content of Stock (Shares) to be Acquired	⑨Type	⑩Quantity	⑪Face Value per Stock	⑫Total Amount of Face Value of Stock	⑬Acquisition Price per Stock	⑭Total Acquisition Price	
⑮Basis of Acquisition							
⑯The Total Quality of Stock(Shares) owned, Invested Percentage after the Acquisition			Shares, Acquisition Price: Won, (USD), %				
<p>In accordance with regulations in Article 7, Paragraph 1, of the Foreign Investment Promotion Act, the above is notified.</p> <p style="text-align: center;">Year Month Day</p> <p style="text-align: center;">Applicant (Signature or Seal) (or Power of Attorney) (Telephone No. :)</p> <p style="text-align: center;">For the Delegated Authority</p>							
<p>For the Applicant</p> <p>Notification No. :</p> <p>The above notification is confirmed.</p> <p style="text-align: center;">Year Month Day</p> <p style="text-align: center;">Delegated Authority</p> <div style="border: 1px solid black; width: 60px; height: 30px; text-align: center; margin-left: auto;">Official Seal</div>							
※ Required Documents							Processing Fee
							Exempt
<p>1. A copy of a document providing the acquisition of stock or shares</p> <p>2. A copy of a document providing proof of the contract falling under Article 2, Paragraph 2, Item 2, of the Enforcement Decree(Only in the event of the application of Article 2, Paragraph 2, Item 2, of the Enforcement Decree)</p>							

This notification will be processed as follows



[Form No. 6]

<input type="checkbox"/> Notification Form <input type="checkbox"/> Change in Content Form						Foreign Investment	
						Term of Completion	
of Foreign Investment Made in the Form of Long-term Loan						Immediate	
Debtor	①Name						
	②Address		(Telephone No. :)				
Lender	③Name				④Nationality		
	⑤Address						
Content of the Loan	⑥Amount of the Loan		(USD)				
	Loan Condition	⑦Grace Period				⑧Repayment Schedule	
		⑨Rate of Interest				⑩Others	
	⑪Method of Loan		Cash Amount		Capital		Other Methods
⑫Purpose of Loan							
※ ⑬Change of Content		Previously Notified Content			Content After Change		
In accordance with regulations in Article 8, Paragraph 1, of the Foreign Investment Promotion Act, the above is notified.							
<div style="text-align: right;"> Year Month Day Applicant (Signature or Seal) (or Power of Attorney) (Telephone No. :) </div> <div style="text-align: left;"> For the Delegated Authority </div>							
For the Applicant Notification No. : The above notification is confirmed.							
<div style="text-align: right;"> Year Month Day Delegated Authority : Official Seal </div>							
<u>Required Document</u>						Processing Fee	
						Exempt	
(In case of notification)							
1. A copy of a document certifying the identity of the overseas parent company or enterprise which has capital affiliation with the parent company 2. A copy of the loan agreement contract							
(In case of a change in content of notification)							
1. A copy of a document certifying the identity of the overseas parent company or enterprise which has capital affiliation with the parent company (Only in case of change in lender) 2. A copy of the changed loan agreement contract							

※ ⑬: Only applies to those applicants filling out a Change in Content Form.

[Form No. 22]

						Foreign Investment	
Notification Form for <input type="checkbox"/> Transfer <input type="checkbox"/> Reduction of Stock or Shares						Term of Processing	
						Immediate	
Foreign Invested Enterprise	①Name				②Business Registration No. (Telephone No.)		()
	③Address				④Capital before the Transfer or Reduction		
⑤Transferrer(Reducer)					⑥Nationality		
⑦Transferee (applicable only where the transferee is a foreign national)					⑧Nationality		
Content of Stocks (Shares) to be Transferred (reduced)	⑨Quantity	⑩Face Value per Stock (Shares)	⑪Total Amount of Face Value of Stock (Shares)	⑫Transfer or Reduction Price per Stock (Shares)	⑬Total Transfer or reduction Amount of stock (Shares)		
⑭The quantity, monetary worth and percentage the Foreign Investor shall possess, in terms of (stock) shares, after the transfer or reduction		Shares Won, %					
⑮Others							
In accordance with Regulations in the Article 23, Paragraph 1, of the Foreign Investment Promotion Act, the above is notified.							
<div style="text-align: right;"> Year Month Day </div> <div style="text-align: right;"> Applicant (Signature or Seal) (Telephone No. :) </div> <div style="text-align: right;"> (or Power of Attorney) </div> <div style="text-align: right;"> For the Minister of Commerce, Industry and Energy (or Delegated Authority) </div>							
For the Applicant Notification No : The above notification is confirmed.							
<div style="text-align: right;"> Year Month Day </div> <div style="text-align: right;"> The Minister of Commerce, Industry and Energy : Official Seal (or Delegated Authority) </div>							
						Processing Fee	
						Exempt	
<u>Required Document</u>							
1. A copy of a document certifying the transfer or reduction of stock (shares) 2. A copy of a statement issued by a Director of District Tax Office concerned confirming the amount of the tax paid (or to be paid). (Only applicable when the Transferee is a foreigner)							