GUIDE TO FOREIGN DIRECT INVESTMENT IN KOREA

November 2010
I. Overview
1. Foreign Direct Investment (FDI) ................................................................. 4
   (1) Definitions ................................................................................................. 4
   (2) Definitions of Foreign Investors and the Object of Investment .................. 6
   (3) FDI Amount and Ratio .............................................................................. 8
2. FDI-Related Acts and Legislation ................................................................. 9
3. FDI-Allowed Businesses ............................................................................. 10
4. FDI Protection & Liberalization .................................................................. 12

II. FDI Notification & Registration
1. Principles of FDI Notification ...................................................................... 15
   (1) Prior Notification ..................................................................................... 15
   (2) Ex-Post-Facto Notification ....................................................................... 15
   (3) Report of Notification and Permission .................................................... 16
2. FDI Procedures by Type .............................................................................. 16
   (1) FDI in the Form of Subscription of New Stocks or Contribution ............ 16
   (2) FDI through Acquisition of Existing Stocks ............................................ 24
   (3) FDI through Long-Term Loans ............................................................... 28
   (4) FDI through Acquisition of Stocks by Mergers ....................................... 29
3. Civil Petitions Required for Factory Establishment and Commencement of Business .......... 30
   (1) Processing of FDI-related Civil Petitions ............................................... 30
   (2) Processing of Civil Petitions by Type ..................................................... 32
4. Follow-up Management of FDI Companies ............................................... 42
   (1) Modification of an FDI Company Registration ....................................... 42
   (2) Registration of a Change in a Foreign-Invested Business ..................... 43
   (3) Cancellation of the Registration of a Foreign-Invested Business ............ 43
   (4) Disposal of Capital Goods imported with Exemption from Customs Duties .................................................. 44
   (5) A Foreign-Invested Business Being Engaged in Another Business than the One Originally Reported ..... 44
   (6) A Foreign-invested business’s Acquisition of Stocks of Other Domestic Companies ........................................... 45
   (7) Notification of Transfer and Decrease of Stocks ..................................... 45

III. Support For FDI
1. Tax Incentives ............................................................................................. 47
   (1) Purpose ..................................................................................................... 47
   (2) Businesses Eligible for Tax Incentives ................................................... 47
   (3) Period and Amount of Tax Incentives ..................................................... 52
   (4) Application and Procedures for Tax Reduction/Exemption ...................... 55
2. Lease and Rent Incentives on State and Public Properties .......................... 59
   (1) Lease and Rent Reduction or Exemption of State Properties .................. 59
   (2) Lease and Rent Reduction or Exemption of Public Properties ................ 59
   (3) Application and Procedure for Sale, Lease and Rent Reduction of State and Public Properties .................................................. 60
3. Customs Support ................................................................. 61
   (1) Reduction or Exemption from Customs Duties ........................................ 61
   (2) Specials Cases of Import Customs Clearance ...................................... 62
   (3) Special Cases Concerning the Investment of Capital Goods .................... 63
   (4) Follow-Up Management of Capital Goods ......................................... 63
4. Cash Grants ................................................................. 65
   (1) Criteria ........................................................................... 65
   (2) Use of Cash Grants .................................................................. 67
5. Others ...................................................................... 67
   (1) Special Cases for Stock Dividend and Appraisal of Industrial Property Rights .................................................. 67
   (2) Designation/Operation of Project Managers ...................................... 67

IV. Foreign Investment Zones (FIZs)
1. Types and Designation of Foreign Investment Zones .................................. 69
   (1) FIZ Complex .................................................................... 69
   (2) Individual FIZ ................................................................... 70
   (3) R&D-Type Foreign Investment Zones .................................................. 71
   (4) Service-Type Foreign Investment Zones .............................................. 71
2. Procedure for the Designation/Development of Foreign Investment Zones .... 73
   (1) Working-Level Consultation for Designation of a Foreign Investment Zone ......................................................... 74
   (2) Deliberation by the Foreign Investment Committee ............................ 74
   (3) Announcement of the Designation ...................................................... 74
   (4) Change in the Designation Plan ....................................................... 74
   (5) Ensuing Measures to be taken after the Designation .............................. 75
   (6) Procedure for Provision of Support for Businesses in the Foreign Investment Zone, including Land Purchase .................................................. 75
   (7) Entrustment of the Management of Nationally/Municipally-Owned Property ......................................................... 76
   (8) Selection of a Management Institution and Entrustment of the Relevant Matters .................................................. 76
   (9) Public Notice of a Basic Management Plan ....................................... 76
3. Status Quo of Designated Foreign Investment Zones .................................. 78
   (1) FIZ Complexes .................................................................... 78
   (2) Individual FIZ ................................................................... 79
4. Support for FDI Companies in Foreign Investment Zones ......................... 81
   (1) Major Support Provided .................................................................. 81
   (2) Procedure for Moving In .................................................................. 82

Reference: Comparison between Major Systems for Foreign Investment ................ 83
KOTRA ICC ........................................................................ 85
Status of KOTRA’s 35 KBCs worldwide .................................................. 86
Institutions entrusted with the Business of Report on FDI and Post-Facto Management ............................................................................. 87
FDI-Related Notification and Application Forms ...................................... 88
1. FOREIGN DIRECT INVESTMENT (FDI)

(1) Definitions

- Acquisition of stocks or shares of Korean corporations (Article 2.(1).4.(a) of the Foreign Investment Promotion Act, FIPA)

  - A foreign national purchasing stocks or shares in a Korean corporation (including a Korean corporation in the process of incorporation. Hereinafter the same shall apply.) or a company run by a Korean national, for the purpose of establishing a continuous economic relationship with and participating in the management of the said Korean corporation or company. However, even in cases where Article 2.(2) of the Enforcement Decree of the FIPA is not satisfied because of partial assignment of the stocks or capital decrease after being registered as an FDI company, it is still considered as FDI.

  - A foreign investor owning shares of a foreign invested business after the earned surplus reserves stipulated in Article 458 of the Commercial Act is capitalized as stated in Article 461 of the Commercial Act shall also be considered as FDI (Article 2.(3) of the Enforcement Decree of the FIPA)

  - The FDI amount shall be KRW 100 million or more (referring to the amount of investment per capita in cases where two or more foreign nationals jointly invest) (Article 2.(2) and Article 2.(3) of the Enforcement Decree of the FIPA)

※In the event of a non-profit corporation, the contribution amount shall be KRW 50 million or more. (Article 2.(7) of the Enforcement Decree of the FIPA)

- A foreign national's owning 10 percent or more of the total number of the voting stocks issued by, or of the total equity investment of, a Korean corporation or a company run by a Korean national (Article 2.(2).1 of the Enforcement Decree of the FIPA)

- Even if a foreign national owns less than 10% of the total number of voting stocks issued by a Korean corporation, or of the total equity investment of a company run by a Korean national, it is still considered as an FDI by concluding a contract falling under any items listed below with a corporation or a company (Article 2.(2).2 of the Enforcement Decree of the FIPA):
• A contract enabling the foreign national to dispatch or elect officers (referring to directors, representative directors, general partners, auditors or persons corresponding thereto holding a right to participate in important decision-making for business management);
• A contract for delivering raw materials or purchasing products for one year or more;
• A contract for providing or introducing technology or for joint research and development.

Long-term loans (Article 2.(1).4.(b) of the FIPA)

Where a loan with a maturity of five years or more (based on the period for loan specified in the initial loan contract) is extended to an FDI company by its overseas parent company or a foreign investor (individual), or by a company which has capital affiliation with the said parent company or a foreign investor (individual) as prescribed by the Enforcement Decree.

※ “Companies with capital relationship” (Article 2.(4) and 2.(5) of the Enforcement Decree of the FIPA)

− A company that holds 50 percent or more of the total number of the stocks issued by, or of the total equity investment of, its overseas parent company;
− An FDI company that holds 50 percent or more of the total number of the issued stocks or of the total equity investment is held by its overseas parent company, and falls under any items listed below; or

• A company that holds 10 percent or more of the total number of the stocks issued by, or of the total equity investment of, its overseas parent company;
• A company of which holds 50 percent or more of the total number of the issued stocks or of the total equity investment is held by its overseas parent company or a company which holds 50 percent or more of the total number of the stocks issued by, or of the total equity investment of, its overseas parent company;
− A company of which 50 percent or more of the total number of issued stocks or the total equity investment is held by a foreign investor (individual) who holds 50 percent or more of total number of the stocks issued by, or of the total equity investment of an FDI company.

“Contribution to a non-profit corporation” (Article 2.(1).4.(c) and 2.(1).4.(d) of the FIPA, Article 2.(6) and 2.(7) of the Enforcement Decree of the FIPA)

• A non-profit corporation in the science and technology fields with a separate R&D facility and that falls under any of the following categories:
  − A non-profit Korean corporation (including a Korean corporation in the process of incorporation) that has five or more researchers in regular employment who have bachelor’s degrees in the science/technology fields with three years or more research experience or who have master’s or higher degrees in the science/technology fields;
  − A non-profit corporation which conducts R&D activities for the businesses accompanying high-tech pursuant to Article 116-2.(1).2 of the Enforcement Decree of the Tax Reduction and
Exemption Act.

 Contributions to non-profit corporations which are acknowledged as FDI under the criteria stipulated in the Enforcement Decree regarding the business activities of the non-profit corporations, etc., by the Foreign Investment Commission founded under Article 27 of the FIPA.

 - Criteria stipulated in the Enforcement Decree: Contributions of KRW 50 million or more and that fall under any of the following categories:
   - Where contributions are made to non-profit corporations founded for the advancement of science, the arts, medical care, and education, continuously carrying out business to train human resources in the abovementioned fields and to expand international exchanges;
   - Where contributions are made to regional headquarters of international organizations that carry out international cooperation activities either on private or governmental level.

(2) Definitions of Foreign Investors and the Object of Investment

■ Foreign nationals (Article 2.(1).1 of the FIPA)

  ◦ Individuals of foreign nationalities; and
    - Individuals of Korean nationality, but residing abroad (Korean nationals of permanent residence or equivalent status in foreign countries) are also considered as foreign nationals (Article 2.(2) of the FIPA and Article 3 of the Enforcement Decree of the FIPA);
  ◦ Corporations established under the laws of foreign countries (foreign corporations);
  ◦ International economic cooperation organizations (Article 2.(1) of the Enforcement Decree of the FIPA);
    - An agency which vicariously deals with foreign economic cooperation on behalf of the government of a foreign country;
    - An international organization which deals with development finance, such as the International Bank for Reconstruction and Development, the International Financial Corporation, and the Asia Development Bank;
    - An international organization which either directly or vicariously deals with foreign investment.

■ Foreign investors (Article 2.(1).5 of the FIPA)

  ◦ Foreign nationals who hold stocks, etc., or have contributed pursuant to the FIPA.

■ FDI company or foreigner-contributed nonprofit corporation (Article 2.(1).6 of the FIPA)

  ◦ Companies in which foreign investors have invested, or non-profit organizations to which foreign investors have contributed.
I. Overview

- Operators of facilities built to improve foreign-investment environment (Article 2.(1).7 of the FIPA, Article 2.(8) of the Enforcement Decree of the FIPA)

  - Operators of the following facilities, as prescribed by the Enforcement Decree, including schools and medical institutions, etc., for foreign nationals in order to improve the foreign investment environment:
    - A foreigners' school established in terms of Article 60-2 of the Elementary and Secondary Education Act;
    - A general hospital, hospital, dental hospital, hospital of oriental medicine, sanatorium, medical clinic, dental clinic, oriental medicine clinic and midwifery clinic under Article 3.(2) of the Medical Service Act;
    - A pharmacy under Article 2.(3) of the Pharmaceutical Affairs Act;
    - Housing under the provisions of Article 1 and 2 of Addendum 1 of the Housing Act;
    - Other facilities, such as a business incubator for foreign investors, decided upon and publicly announced by the Minister of Knowledge Economy after the deliberation of the foreign investment commission under Article 27 of the FIPA.

- Object of Investment (Articles 2.(1).8 and 2.(1).9 of the FIPA): Object in which a foreign investor invests in order to acquire stocks, etc., pursuant to the FIPA.

  - Foreign payment methods, as prescribed by the Foreign Exchange Transactions Act, or domestic means of payment by the exchange of foreign means of payment.
  - Capital goods:
    - Machinery, equipment, facilities, parts, and accessories as industrial facilities including ships, motor vehicles, airplanes, etc., and livestock, breeds or seeds, trees, fish and shellfish necessary for the development of agriculture, forestry and fisheries;
    - Raw materials and reserve supply deemed necessary by the competent minister (the head of the relevant central administrative body) for the initial test of the facilities concerned; fees for transportation and insurance required for the introduction of such materials; and other know-how or services necessary therefor.
  - Proceeds generated from stocks, etc., acquired pursuant to the FIPA;
  - Industrial property rights, intellectual property rights, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies;
    - Intellectual property rights: Of the copyrights under the Copyright Act, these are rights pertaining to industrial activities and layout-design rights as prescribed in Article 2.(5) of the Layout Designs of the Semiconductor Integrated Circuit Act (Article 2.(9) of the Enforcement Decree of the FIPA).
  - Residual property generated from the liquidation of a foreign company’s branch or office
located in Korea:

- Where a foreign national closes a branch company or office in Korea and then converts the branch company or office into another domestic corporation, or where a domestic corporation with stocks owned by a foreign national is dissolved, the residual property allotted to the said foreign national upon the liquidation of the said branch company, office, or corporation;

- Repayment of loans with maturity of five years or more which are supplied to an FDI company by the overseas parent company of the FDI company or a foreign investor (individual), a company with a capital investment relationship as prescribed by the Enforcement Decree with the overseas parent company and a foreign investor (individual) or repayment of other loans from foreign countries;

- Stocks of a foreign corporation listed or registered on a foreign stock exchange market; and stocks owned by foreign nationals pursuant to the FIPA or the Foreign Exchange Transactions Act (Article 2.(10) of the Enforcement Decree of the FIPA);

- 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 corporation owned by foreign nationals or a corporation operated by a Korean national pursuant to the FIPA and the Foreign Exchange Transactions Act (Article 2.(11) of the Enforcement Decree of the FIPA).

(3) FDI Amount and Ratio

- The FDI amount shall be KRW 100 million or more (Article 2.(2) of the Enforcement Decree of the FIPA);

  - Or KRW 50 million or more in the case of a contribution to a non-profit corporation. (Article 2.(7) of the Enforcement Decree of the FIPA)

- The FDI ratio refers to the percentage of the stocks owned by foreign investors against the total stocks of an FDI company (Article 5.(1) of the FIPA).
2. FDI-RELATED ACTS AND LEGISLATION

- Acts and legislation
  - The Foreign Investment Promotion Act (FIPA)
  - The Enforcement Decree of the FIPA
  - The Enforcement Regulations of the FIPA
  - The Regulations on Foreign Investment and Technology Inducement (Notification of the Ministry of Knowledge Economy)
  - The Regulations on Tax Reductions or Exemptions for Foreign Investors (Notification of the Ministry of Strategy and Finance)
  - The Restrictions of Special Taxation Act (Chapter V: Special Cases Concerning Taxation for Foreigners’ Investment, etc.)

- Purpose of the FIPA (Article 1 of the FIPA)
  - The purpose of the FIPA is to contribute to the sound development of the national economy by providing support to and convenience for foreign investors.

- Basic direction of the FIPA
  - The basic direction of the FIPA is to restructure the foreign investment policy to support foreign investment from the foreign investors’ perspectives and to create an environment for local administrative units to facilitate the effective attraction of FDI.

- Relationships with other laws
  - The FIPA applies to “Foreign Direct Investment” that meets the requirements of foreign direct investment pursuant to the FIPA and the related Act and subordinate statute.
  - Matters concerning foreign exchange and overseas transactions shall follow the Foreign Exchange Transactions Act, except as otherwise set forth in the FIPA.
  - Since FDI companies are regarded as domestic companies established under the Korean law, even if FDI companies comply with the required procedures as stipulated in the FIPA, such FDI companies shall also follow all the other regulations applicable to domestic companies under the laws of Korea, and obtain the necessary permissions or approvals pursuant to such laws in order to conduct business.
3. FDI-ALLOWED BUSINESSSES

■ Basic rules

○ Out of the total of 1,145 business sectors described in the Korean Standard Industrial Classification (Notification no. 2007-53, Dec 28, 2007 of the Korea National Statistical Office), 1,085 sectors are now open to FDI. The other 60 sectors such as public administration, diplomatic affairs, national defense, etc. have been excluded in accordance with Article 4 of the FIPA.

※ Among the 60 sectors where foreign investment were not previously allowed, foreign investors may now invest in private correctional institutions as the Act on the Establishment and Operation of Private Correctional Institutions took effect as of July 2001.

■ The FIPA restricts FDI in the following cases (Article 4.(2) of the FIPA):

○ Where it threatens the maintenance of national safety and public order;

○ Where it has harmful effects on public hygiene or the environmental preservation of the Republic of Korea, or offends Korean morals and customs;

○ Where it violates any relevant Act and subordinate statutes of the Republic of Korea.

※ Other individual laws may restrict the FDI ratio or impose an obligation to form joint ventures with a domestic company.

■ FDI-allowed businesses

○ Total (as of May 31, 2010): 1,085 sectors comprised as follows:

− Fully opened sectors: 1,056 sectors
− Partially opened sectors: 26 sectors (FDI is allowed when the permission criteria are met)
− Closed sectors: Three sectors (Nuclear Power Generation, Radio Broadcasting, and Over-the-Air Broadcasting)

○ FDI-restricted businesses (including partially opened sectors): 29 sectors

<table>
<thead>
<tr>
<th>Business Sector (KSIC Code)</th>
<th>Permission Criteria¹</th>
</tr>
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<tbody>
<tr>
<td>Growing of cereal crops and other crops for food (01110)</td>
<td>Allowed, except for the cultivation of rice and barley</td>
</tr>
<tr>
<td>Farming of beef cattle (01212)</td>
<td>FDI ratio less than 50%</td>
</tr>
<tr>
<td>Inshore and coastal fishing (03112)</td>
<td>FDI ratio less than 50%</td>
</tr>
<tr>
<td>Manufacture of basic inorganic chemicals (20129)</td>
<td>Allowed except for manufacture and supply of nuclear fuel</td>
</tr>
<tr>
<td>Manufacturing of smelting, refining, and alloys of non-ferrous metals (24219)</td>
<td>Same as above</td>
</tr>
<tr>
<td>Nuclear power generation (35111)</td>
<td>&lt; NOT PERMITTED &gt;</td>
</tr>
<tr>
<td><strong>Business Sector (KSIC Code)</strong></td>
<td><strong>Permission Criteria</strong></td>
</tr>
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<tr>
<td>Hydroelectric power generation (35112)</td>
<td>- Total purchase of power generation facilities from Korea Electric Power Corporation (KEPCO) by foreign nationals may not exceed 30% of the total power generation facilities in Korea</td>
</tr>
<tr>
<td>Fire power generation (35113)</td>
<td>- Same as above</td>
</tr>
<tr>
<td>Other generation (35119)</td>
<td>- Same as above</td>
</tr>
</tbody>
</table>
| Transmission and distribution of electric power (35120) | - Allowed if all of the following requirements are met:  
  - FDI ratio less than 50%  
  - Ratio of voting stocks, etc., owned by foreign investors shall be less than those owned by the largest Korean shareholder |
| Disposal of Radioactive waste (38240) | - Allowed except for nuclear waste management businesses pursuant to Article 82 of the Electric Utility Act |
| Wholesale selling of meat (46312) | - FDI ratio less than 50% |
| Coastal water passenger transport (50121) | - Allowed if all of the following requirements are met:  
  - Scope of permission: Cargo and passenger transportation between South and North Korea  
  - Joint ventures with domestic shipping companies  
  - FDI ratio less than 50% |
| Coastal water freight transport (50122) | - Same as above |
| Scheduled air transport (51100) | - FDI ratio less than 50% |
| Non-scheduled air transport (51200) | - FDI ratio less than 50% |
| Publishing of newspapers (58121) | - FDI ratio less than 30% |
| Publishing of magazines and periodicals (58122) | - FDI ratio less than 50% |
| Radio broadcasting (60100) | < NOT PERMITTED > |
| Over-the-air broadcasting (60210) | < NOT PERMITTED > |
| Other program distribution (60221) | - FDI ratio less than 50% (however, general and special news program channel providers are not permitted)  
  * 'Other program distribution' refers to Program Provider stipulated in the Broadcast Act |
| Cable networks (60222) | - FDI ratio less than 50% for general cable broadcasting (however, relay cable broadcasting is not permitted) |
| Broadcasting via satellite and other broadcasting (60229) | - FDI ratio 33% or less (however, FDI ratio 49% or less for Internet Multimedia Broadcasting) |
| Wired telecommunication (61210) | - Total voting stocks (including voting share equivalent such as depository receipts, etc., and investment shares) owned by foreign governments, foreign nationals (including fictitious foreign corporations) shall be 49% or less of the total issued stocks. A foreign investor, etc., may not be a major shareholder of Korea Telecom (KT). However, it is allowed only when the stock holding ratio is less than 5%.  
  * Fictitious foreign corporations: Corporations whose major shareholders are foreign governments or foreign nationals (including specially related persons prescribed in Article 9.(1).1 of the Financial Investment Services and Capital Markets Act) who hold 15% or more of total issued stocks |
<p>| Wireless telecommunication (61220) | - Same as above |</p>
<table>
<thead>
<tr>
<th>Business Sector (KSIC Code)</th>
<th>Permission Criteria¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satellite telecommunication (61230)</td>
<td>— same as above</td>
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<tr>
<td>Other telecommunications n.e.c. (61299)</td>
<td>— same as above (however, no restrictions for Added Value Communication)</td>
</tr>
<tr>
<td>News agency activities (63910)</td>
<td>— FDI ratio less than 25%</td>
</tr>
<tr>
<td>Domestic banking (64121)</td>
<td>— Allowed only for commercial banks and regional banks (Special banks, and agricultural/fisheries/livestock cooperatives are not permitted)</td>
</tr>
</tbody>
</table>

Note*¹) In the event that only year/month/date is marked without specific comments, it means that the relevant items will be completely opened to FDI by that date. Such statements as “to be opened partially” or “the extent of opening to be enlarged” shall be complied with by the specified time.

4. FDI PROTECTION & LIBERALIZATION

- Guarantee of Overseas Remittance

  - With respect to proceeds that come from stocks acquired by a foreign investor; proceeds from the sale of stocks; the principal, interest and service charges paid in accordance with the long-term loan contract; and the compensation paid in accordance with a contract for the introduction of technology — the remittance thereof to foreign countries shall be guaranteed in accordance with the contents of FDI notification or of the contract for the introduction of technology, as of the time of the said remittance. (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 of the FIPA).

- National Treatment

  - Principles of national treatment in the conduct of business:

    - Except as otherwise prescribed by legislation of the Republic of Korea, Foreign investors and FDI companies shall be treated in the same way as Korean nationals and Korean corporations are treated in the conduct of business (Article 3.(2) of the FIPA).

  ※ Foreign investors may be given more preferential treatment than Korean nationals receive in terms of tax reduction/exemption and the location of company or factory sites.
FDI liberalization

 Except as otherwise prescribed in other laws, foreign nationals may perform FDI activities in Korea without restraint (Article 4.(1) of FIPA).

 In the following cases, FDI may be restricted: Where it threatens the maintenance of national safety and public order; Where it has harmful effects on public hygiene or the environmental preservation of the Republic of Korea, or offends Korean morals and customs; Where it violates any relevant Acts and laws of the Republic of Korea. (Article 4.(2) of FIPA)

 In cases where the head of the relevant administrative agency restricts foreign investment, such as treating foreign nationals or FDI companies unfavorably compared to Korean nationals or Korean corporations, or placing additional liabilities on foreign nationals or FDI companies, the Minister of Knowledge Economy shall consolidate and publicly announce the contents every year. If the head of the relevant administrative agency intends to amend or supplement them, he/she shall consult in advance with the Minister of Knowledge Economy. (Article 4.(4) of FIPA)

 Restrictions to FDI

 In cases where FDI meets both categories listed below, the competent minister may request the Minister of Knowledge Economy (Article 5.(1).2 of the Enforcement Decree of the FIPA) to review the FDI to decide whether or not it threatens the maintenance of national safety pursuant to Article 4.(2).1 of the FIPA. However, a request for review shall not be made after 30 days from the day of notification (Article 5.(5) of the Enforcement Decree of the FIPA).

 – Where foreign nationals attempt to acquire the management control of an already-established domestic company through the acquisition of the stocks, etc., of the company;

 – Where satisfying one of the following categories:

   • Where FDI might cause any hindrance in the production of defense materials pursuant to Article 3.(7) of the Defense Acquisition Program Act;

   • Where there is a high possibility that the items which are subject to permission or approval for export pursuant to Article 19 of the Foreign Trade Act may be diverted to military use;

   • Where FDI might disclose the contents of contracts, classified information, etc., which are classified as national secrets pursuant to Article 13.(4) of the National Intelligence Service Act;

   • Where FDI may severely and seriously threaten international efforts of the United Nations or other international cooperation to maintain international peace and stability.

 Upon the request by the competent minister, the Minister of Knowledge Economy shall decide, within 90 days from the date of the request, whether the FDI threatens national security following the deliberation of the Foreign Investment Commission. The result shall be immediately notified to the foreign national (Article 5.(7) and 5.(8) of the Enforcement Decree of the FIPA).
In cases where the Minister of Knowledge Economy decides that the FDI threatens national security, the foreign national who has already acquired the stocks, etc., through the FDI shall transfer the stocks, etc., within six months from the date of the decision (Article 5.(9) of the Enforcement Decree of the FIPA).

A foreign national may request the competent minister or the Minister of Knowledge Economy to confirm whether the FDI investment threatens the national security before filing for FDI notification, pursuant to Article 5, 6 and 7 of the FIPA. The request shall be made in compliance with the requirements announced by the Ministry of Knowledge Economy (Article 5.(6) of the Enforcement Decree of the FIPA).
1. PRINCIPLES OF FDI NOTIFICATION

(1) Prior Notification

- FDI notification of subscribing new stocks or contribution
- FDI notification of acquiring existing stocks, etc.
  - However, in cases of the acquisition of existing stocks issued by KSE or KOSDAQ-listed corporations, pursuant to the Financial Investment Services and Capital Markets Act (excluding public corporations under Article 152.(3) of the said Act, and companies where stock acquisition is restricted by individual laws), notification thereof shall be provided within 30 days of the acquisition.
  - In cases of the acquisition of existing stocks, etc., of defense industries pursuant to Article 3.(9) of the Defense Acquisition Program Act, approval of the Minister of Knowledge Economy is required.
- FDI notification of long-term loans
- Modification of FDI notification listed above

(2) Ex-Post-Facto Notification

- Notification of acquiring stocks, etc., through mergers: Notification shall be made to the head of the relevant agency within 30 days of acquisition
- Notification of transfer of stocks or shares shall be made within 30 days of the contract;
- Notification of decrease of stocks or shares shall be made within 30 days of the expiration date of the peremptory notice period to bondholders pursuant to Article 439 of the Commercial Act.
- Modification or cancellation of FDI company registration.
(3) Report of Notification and Permission (Article 10.(1) of the Provision of the FIPA)

- In cases where the Minister of Knowledge Economy or a head of the entrusted institution has approved or issued the certificate of completion of FDI notification pursuant to Article 5 and 6, or Article 8.(2) of the FIPA, he/she shall send a copy of the certificate to the competent minister without any delay. However, in case of increase in investment where types of businesses are not newly added and does not fall into Article 5.(1).2 of the Enforcement Decree of the FIPA, this shall not apply.

2. FDI Procedures by Type

(1) FDI in the Form of Subscription of New Stocks or Contribution

- Filing for notification by a foreign investor or by a proxy (in case of proxy, a power of attorney is required)
- Documentation required:
  - Application form for an FDI notification of acquisition of newly-issued stocks, etc. (2 copies)
  - Certificate of nationality of the foreign investor (one copy)
  - If applicable (one copy):
    - Assessment of industrial property rights, etc., by a technology assessment institution
    - Documents verifying the investment amount is the residual properties after liquidation of a branch or corporation
    - Document verifying the investment amount is the redemption of overseas loans
    - Document verifying the investment amount is the proceeds from the sales of real estate or stocks
    - Document verifying the investment amount is the capital contribution to a non-profit organization
II. FDI Notification & Registration

- Application for tax reduction can be filed simultaneously with an FDI notification
  - To make a separate application or to check if the intended business is eligible for tax reduction before filing for a FDI notification, contact the Ministry of Strategy and Finance at ☎ 02-2150-7626
- Application period for tax reduction
  - New investment: Before the expiration date of the taxable year applicable to the date of the commencement of business
  - Investment increase: Within two years from the FDI notification date
  ※ When an application is submitted after the deadline, tax reduction is available only for the remaining tax reduction period

- The certificate will be issued on-the-spot after reviewing the submitted information and requirements.

- For investment in-kind:
  - Confirmation of list of introduced goods from the president of KOTRA or a foreign exchange bank is required; (Apply at Invest KOREA or a foreign exchange bank)
  - Confirmation of completion of FDI in-kind is required when the introduction of capital goods is completed. (Apply to Invest KOREA officers seconded from the Korea Customs Service)
- For investment in cash:
  - Remittance of foreign currency to a domestic foreign exchange bank;
  - Carried through customs.

- Documentation required (for new establishment):
  - Application form for corporate establishment and notarized articles of the corporation;
  - Document verifying subscription of stocks and subscription form for stocks;
  - A certificate of deposit of payment of stocks;
  - A certificate for safekeeping of the amount paid up for shares.
  - An investigation report concerning irregularities in the incorporation process (in the event of in-kind investment).
  - Minutes of the inaugural meeting or the promoters’ conference.
  - The Board of Directors’ meeting minutes.
  - A document verifying the consent of the directors, the representative director and the auditor concerning their inauguration.
  - An investigation report and attached documents of directors and auditors or audit committee and inspectors or notary offices, and appraisal reports and attached documents of appraisers.
  - A document verifying the resident registration numbers and dates of birth of the directors and the inspectors.
  - Power of attorney
  - Corporate seal notification form
  - Corporate seal card issuance application form
  - Registration tax payment certificate, etc.
**Guide to Foreign Direct Investment in Korea**

### Filing for FDI Company Registration

- **Places for Notification**
  - Notification for FDI Company Registration (within 30 days of completion date of payment for investment object, etc.)

### Invest KOREA

- **Factory Establishment**
  - Location research
    - Select possible locations
  - Establish a factory
  - Create a business plan

### Completion of an FDI Company Establishment (production and sales)

- Approval and permissions required for factory establishment and business start-up
  - Civil petitions to be treated in bulk (10 petitions)
  - Approval for factory establishment, construction permission, SME business plan approval, etc.
  - Civil petitions to be treated individually (96 petitions)
  - Approvals on operating business, etc.

- Documents may be filed with and submitted to Invest KOREA

### Form of investment

- Acquire new stocks
  1. Establishment of a new corporation (alone or jointly with others).
  2. Participation in capital increase of a domestic business (including foreign-invested businesses)
- Contribution to a non-profit corporation.
II. FDI Notification & Registration

- FDI notification (Article 5.(1) and Article 8-2.(1) of the FIPA)
  - Persons required to file the notification and places for notification:
    - Who: Foreign investors or their proxies (power of attorney should be attached in the case of notification by a proxy)
    - Where: Main offices and branches of domestic banks, domestic branches of foreign banks, Invest KOREA, or any of the 35 Korea Business Centers (KBC).
  - Documentation required:
    - FDI notification form for acquisition of newly-issued stocks or capital contribution (two copies);
    - A power of attorney in case of notification through a proxy;
    - Certificate of nationality of the foreign national;
    - To be submitted, if applicable (one copy each):
      - Copies of documents verifying the price evaluation of industrial/intellectual property rights by a technology evaluation authority;
      - Document verifying that the investment amount is the residual properties after liquidation of a branch, a liaison office or a company;
      - Document verifying that the investment amount is the amount of redemption of loans or other overseas loans;
      - Document verifying that the stocks are owned by a foreign corporation listed or registered on a foreign stock market;
      - Document verifying that the stocks are owned by a foreign investor pursuant to the Foreign Exchange Transactions Act (FETA) or the FIPA;
      - Certificate of completion of capital transactions of real estate as an object of investment pursuant to Article 18 of FETA;
      - Document verifying the investment amount is the proceeds from the sale of stocks, real estate, or shares of a Korean corporation owned by a foreign national or a company operated by a Korean national pursuant to the FIPA or the FETA;
      - In cases where the FDI ratio is less than 10%, any of the documents listed below:
        1. A contract enabling the foreign national to dispatch or elect officers (referring to directors, representative directors, general partners, auditors or persons corresponding thereto holding a right to participate in important decision-making for business management);
        2. A contract for delivering raw materials or purchasing products for one year or more;
        3. A contract for providing or introducing technology or for joint research and development.
      - Document verifying that the investment amount is the proceeds from the sale of stocks, shares, real estate, etc.
Capital contribution to non-profit corporations:

- In the case of contributing capital to a non-profit corporation in science/technology fields, documents verifying that it has an independent research facility and documents verifying that it falls under any of the categories listed below:
  1. A non-profit corporation that has five or more researchers in regular employment who have bachelor's degrees in the science/technology fields with three years or more research experience or who have master's or higher degrees in the science/technology fields;
  2. A non-profit corporation which conducts R&D activities for the businesses accompanying high-tech pursuant to Article 116-2.(1).2 of the Enforcement Decree of the Tax Reduction and Exemption Act.

- In the case of contributing capital to non-profit corporations in fields other than science/technology, documents are required verifying a decision by the Foreign Investment Commission that it falls under any of the categories listed below:
  1. A non-profit corporation founded for the advancement of science, the arts, medical care, and education, continuously carrying out business to train human resources in the abovementioned fields and to expand international exchanges;
  2. Regional headquarters of international organizations that carry out international cooperation activities either on private or governmental level.

- Processing period and Method
  - Processing period: On-the-spot
  - A certificate of completion of FDI notification will be issued after reviewing the notification form and related documents.

- Capital introduction for FDI through acquisition or capital contribution of new stocks
  - Capital introduction in cash:
    - Remittance to main offices or branches of domestic foreign exchange banks
      - Remittance of investment capital from overseas to main offices or branches of domestic foreign exchange banks or to domestic branches of foreign banks

<Details to be stated for the remittance of investment capital>

  1. Name of remitter: Name of the foreign investor (in case of remitting under the name of another person, it shall be stated on the SWIFT transfer that this person is making the remittance on behalf of the investor);
  2. Name of the receiving bank: ○○ branch of ○○ bank;
  3. Account number of the receiver;
II. FDI Notification & Registration

4. Name of the receiver: Name of the foreign investor or the FDI company (or proxy*);

※ In principle, it is not permissible to remit to the account of the proxy. However, for the convenience of the investor, some banks may allow to state the name of the proxy.

※ In cases where a proxy conducts the financial transactions, a notarized power of attorney is required.

5. SWIFT Code (this may vary from one bank to another)

6. Use of capital: The reasons for remitting the capital shall be stated in the additional remittance information section.

   Example: capital for establishing a company or for capital increase (by subscription of new stocks), or capital for stock acquisition (acquisition of existing stocks), etc.

<Remittance of capital for subscription of new stocks>

1. Remittance without an account:

   - A foreign investor remits to a domestic bank by just using the branch code of the bank or using a temporary account of the branch without having to open a new account. (This might vary from one bank to another).

2. Remittance using non-resident external account of foreign investor

   - A foreign investor opens an external account (non-resident foreign currency account) under his/her name and remits to that account.

   • FDI capital remitted from overseas and deposited in a temporary account shall be converted into Korean currency before the registration of a corporation (including registration of capital increase) and be transferred to an “account for payments of stocks” which is a securities subscription deposit account. When this transaction is completed, the bank shall issue a certificate of purchase/deposit of foreign currency and a certificate of deposit of payment of stocks, which is a required document for the registration of a corporation (including registration of capital increase).

   ※ Remittance of foreign capital → Deposit (or purchase) of foreign capital → Issuance of certificate of purchase/deposit of foreign currency → Transfer to account for payments of stocks → Issuance of a certificate of deposit of payment of stocks → Registration of corporation or of capital increase → Capital transfer to the corporate account. (In cases of personal business, etc., other than corporations, the foreign capital shall be transferred to the account under the person in whose name the business registration was made (the trade name shall be stated)).

   - FDI capital carried through customs:

   • In cases where foreign investors personally bring in the means of payment such as cash, etc., they shall declare them to the customs office (airport customs office, etc.), and obtain a certificate of completion of declaration (confirmation) of foreign exchange (Article 6-2
of the Foreign Exchange Transaction Regulation);

- Make a deposit by opening a non-resident foreign currency account at a foreign exchange bank. (When opening a non-resident foreign currency account, a certificate of completion of declaration of foreign exchange, a passport, etc., are required);

- The FDI capital is transferred to the “account for payments of stocks” in Korean currency before the incorporation (a certificate of deposit of payment of stocks shall be issued), the bank shall issue a certificate of purchase/deposit of foreign currency.

※ Deposit (or purchase) of foreign capital to foreign exchange banks → Issuance of a certificate of purchase/deposit of foreign exchange → Deposit to an account for payments of stocks → Issuance of a certificate of deposit of payment of stocks → Registration of corporation or capital increase → Capital transfer to corporate account. In cases of personal business, etc., other than corporations, the foreign capital shall be transferred to the account under the name of the person in whose name the business registration was made (the trade name shall be stated).

○ Introduction of capital goods as FDI in-kind:

- When foreign investors intend to introduce capital goods as FDI in-kind, they shall create a list of imported capital goods (three copies), and make a request for review and confirmation to Invest KOREA or main offices or branches of foreign exchange banks before customs clearance.

- Documentation required: An application form for confirmation of introduced capital goods (three copies), Documents verifying the price of introduced capital goods, such as certificate of sale of goods

※ In cases where the confirmation of introduced capital goods is granted, it is deemed an import approval pursuant to the Foreign Trade Law (Article 29.(2) of the FIPA) was granted.

- When the introduction of capital goods is completed, a foreign investor shall apply for a confirmation on completion of FDI in-kind.

- An application form for confirmation on completion of FDI in-kind (two copies) and certificate of completion of import declaration shall be submitted to Invest KOREA officials seconded from the Korea Customs Service.

- The certificate of confirmation on completion of FDI in-kind is required when filing the application for registration of corporation.

※ In case of introducing capital goods such as FDI in-kind, in order to receive a value-added tax deduction, an application for business registration shall be made before the registration of corporation or introduction of capital goods.

■ Registration of corporation, business registration

○ Registration of corporation and business registration shall follow the Commercial Registration Act and the Value-Added Tax Act, etc., respectively.

- For assistance for the registration of corporation, contact Invest KOREA officials seconded
from the Court. Business registration can be filed with Invest KOREA officials seconded from the National Tax Service.

- Authorization and permission required for factory establishment and business start-up
  - When necessary, an FDI company shall obtain permission to establish a factory, and authorization and permission to operate an FDI company in Korea:
  - Civil petitions are classified into: those that are “civil petitions to be directly treated”; those that are “civil petitions to be treated in bulk”; and those that are “civil petitions to be individually treated”, depending on the nature thereof, the processing institution and the relevant procedure.
(2) FDI through Acquisition of Existing Stocks

FDI Through Acquisition of Existing Stocks

Places for Notification (Application for a Permission)

*Stock acquisition of a company other than defense industry (notification): Invest KOREA or KBC
*Stock acquisition of defense industry (permission): Foreign Investment Policy Division of the Ministry of Knowledge Economy.

Places for Notification (Application for a Permission)

Issuance of certificate of completion of FDI notification/ Notice of permission

- Processing period:
  - For notification: On-the-spot
  - For permission: 15 days (the period can be extended for an additional 15 days in unavoidable cases).

Remittance of foreign currency and acquisition of existing stocks

- Acquiring existing stocks after converting the remitted foreign currency into Korean won:
  - When converting foreign currency into Korean won, ask for an issuance of a certificate of purchase/deposit of foreign currency. (This document is required for filing FDI company registration).

Places for Notification (Application for a Permission)

FDI company registration (within 30 days of settlement of acquisition of existing stocks or after making payment of KRW 100 million or more)

- Documentation required:
  - Application form for FDI company registration
  - Copy of certified copy of corporate registration/or a business registration certificate in the event of an individual business)
  - Copy of certificate of foreign currency deposit/purchase

Notification of modification after the initial notification or permission

- Modification of FDI company registration (within 30 days of the day the reasons for modification were generated)
  - Acquisition of existing stocks through merger, etc.
  - Completion of transfer or decrease of stocks, etc.
  - Change in the title, trade name of the foreign invested company
  - Change in the title, trade name, nationality, FDI amount or FDI ratio, FDI method, operating business, etc., of the foreign investor
  - Change in the transferor of stocks, etc.

Types of investment

- Foreign investor's acquisition of existing stocks of a domestic company (including FDI company) owned by a domestic shareholder:
  ① Direct transactions between foreign investors and domestic shareholders
  ② Foreign investor's acquisition of existing stocks on the stock market (10% or more)
II. FDI Notification & Registration

- FDI notification or request for an approval (Articles 6.(1) and 6.(3) of the FIPA)
  
  - Acquisition of existing stocks of companies other than the defense industry is subject to prior notification. However, when acquiring stocks issued by KSE or KOSDAQ-listed companies pursuant to the Financial Investment Services and Capital Markets Act, the notification should be submitted within 30 days of acquisition.
    - Notification shall be submitted by a foreign investor or a proxy (in case of notification made by a proxy, a power of attorney is required) at main offices or branches of major domestic banks, domestic branches of foreign banks, Invest KOREA, and any of KBCs.
    - Documentation required:
      - FDI notification form of acquisition of existing stocks, etc. (two copies);
      - A letter of attorney (in case of notification made by a proxy);
      - Certificate of nationality of the foreign investor.
    - Other documentation required (one copy each, if applicable):
      - Documents verifying that the investment amount is the residual properties after liquidation of a branch or corporation;
      - Document verifying that the investment amount is redemption of overseas loans;
      - One of the following contract documents in cases where FDI ratio is less than 10%:
        a. A contract enabling the foreign national to dispatch or elect officers (referring to directors, representative directors, general partners, auditors or persons corresponding thereto holding a right to participate in important decision-making for business management);
        b. A contract for delivering raw materials or purchasing products for one year or more;
        c. A contract for providing or introducing technology or for joint research and development.
      - Document verifying that the investment amount is the proceeds from the sale of stocks, shares, real estate, etc.;
      - Document verifying transferees are specially related persons (in case there are two or more transferees);
      - Document verifying that the stocks are owned by a foreign corporation listed or registered on a foreign stock market;
      - Document verifying that the stocks are owned by a foreign investor pursuant to the Foreign Exchange Transactions Act (FETA) or the FIPA.
    - Processing period: On-the-spot (a certificate of completion of an FDI notification shall be issued after reviewing the notification form and related documents).

  - Acquisition of existing stocks of the defense industry is subject to permission
    - Applicant: An application shall be submitted by a foreign investor or a proxy (with a power of attorney)
· Application-receiving institutions: The Foreign Investment Policy Division of the Ministry of Knowledge Economy (☎ 82-2-2110-5351~60).

- Documentation required:
  
  • An FDI application form for permission of acquisition of existing stocks, etc. (two copies).
  
  - Other documentation required: Same as those for an FDI notification.
  
  - Processing period: 15 days (may be extended by an additional 15 days in unavoidable circumstances).
  
  • The permission shall be decided after consultation with the pertinent minister and the applicant shall be notified of the result (Conditional permission may be granted).

▪ Introduction of foreign currency capital through purchasing existing stocks

  ◦ Remittance to main offices or branches of domestic foreign exchange banks
    
    - The capital remitted to the domestic foreign exchange bank shall be converted into Korean won and be paid to the existing stockholder, or shall be transferred directly to the stock transferor’s account in foreign currency (Article 5-11.(1) of the Foreign Exchange Transactions Regulation Act).
    
    - However, in cases where a foreign investor intends to withdraw the foreign currency and pay to the existing stockholder directly, the foreign investor shall notify the President of the Bank of Korea accordingly (Article 5-11.(3) of the Foreign Exchange Transactions Regulation Act).

  ※ The foreign investor shall request the issuance of a certificate of purchase/deposit of foreign currency to the foreign exchange bank. This certificate is required when filing for an FDI company registration.

<Remittance of capital for the acquisition of existing stocks>

① Remittance without an account
  
  - A foreign investor remits to a domestic bank by just using the branch code of the bank or using a temporary account of the branch without having to open a new account. (This may vary from one bank to another).

② Remittance using the corporate account of an FDI company
  
  - In cases where there are several domestic shareholders, the capital is remitted to the corporate account of an FDI company (the bank transfers the money to the corporate account after checking the use of the capital) and the FDI company pays each shareholder by transferring the amount to each account.

③ Remittance using account of a domestic stockholder
  
  - A foreign investor directly remits to the account of a domestic stockholder (corporation or individual). (The bank transfers the money after checking the use of the capital).
  
  - In case of issuance of a certificate of purchase/deposit of foreign currency, a domestic
stockholder's cooperation is necessary.

- **Capital carried through customs**
  
  - After being declared to the jurisdictional customs (airport customs, etc.), the foreign capital shall be converted into Korean won and be paid to the existing stockholder, or be transferred directly to the stock transferor's account in foreign currency.

  ※The foreign investor shall request the issuance of a certificate of purchase/deposit of foreign currency to the foreign exchange bank. This certificate is required when filing for an FDI company registration.

### Note

- **Notification of acquisition or transfer of stocks by means of purchase, inheritance, bequest, or gift (Article 7.(1).3 of the FIPA):**
  
  - In cases where a foreign national acquires stocks of a registered FDI company from a foreign investor by means of purchase, inheritance, bequest, or gift, the foreign national shall notify the relevant authorities of the acquisition of the stocks within 30 days of the acquisition. (However, in cases where the foreign investor notifies the authorities of the transfer of stocks pursuant to Article 23 of the FIPA, the transferee foreign national shall be exempted from the obligation of notification of stock acquisition. However, a certificate of nationality of the transferee foreign national is required).

- **Acquisition of stocks on the stock exchange market:**
  
  - For example, when a foreign national who has already acquired 9% of the total stocks of a company in the stock market pursuant to the Financial Investment Services and Capital Markets Act hopes to acquire an additional 3.5% (thus making the total stock acquisition ratio higher than 10%), he/she shall file the FDI notification (or request for an approval) of acquisition of existing stocks, etc., because the additional 3.5% is acknowledged as the FDI pursuant to the FIPA. In this case, the notification can be made within 30 days of acquisition as it is an exemption from the prior notification. (Article 6.(1) proviso of the FIPA).

- **Investment in a company of which the ratio of the turnover from a restricted category of business is not more than 1% of the total turnover (Article 5.(2) and 5.(3) of the Enforcement Decree of the FIPA):**
  
  - Foreign nationals may invest in a company of which the ratio of the turnover from a restricted category of business does not exceed 1% of the total turnover;
  
  - However, in cases where the ratio of the turnover of a restricted category of business of a company exceeds 1% of the total turnover of the company after a foreign national has acquired stocks, the stocks acquired in excess of the ratio of investment permissible to foreign nationals shall be transferred.

- **Restrictions on investment in companies engaged in an FDI-restricted business (Article 5.(4) of the Enforcement Decree of the FIPA):**
  
  - Foreign nationals shall not invest in a company that operates concurrently both a category of
business in which an FDI is not permitted and one in which an FDI is only partially permitted;
- In the case of investment in a company that operates no less than two categories of business in which an FDI is only partially permitted, the foreign investor shall be prohibited from making an investment in the company in excess of the ratio of an FDI in the category of business in which the ratio of investment permissible to foreign nationals is the lowest.

(3) FDI through Long-Term Loans

- FDI notification (Article 8.(1) of the FIPA)
  - Foreign investors or their proxies (in possession of a power of attorney) may file for notification at Invest KOREA, main offices or branches of major domestic banks, domestic branches of foreign banks, Invest Korea or any of the 35 KBCs.
  - Documentation required:
    - Notification form for an FDI of long-term loans (two copies);
    - Copy of document verifying that the company has capital affiliation with an overseas parent company or the parent company;
    - Copy of document verifying that the company has capital affiliation with a foreign investor (individual) or the foreign investor;
    - Copy of the loan contract.
  - Modification of notification of an FDI of long-term loans
    - For modification of the loan contract: Notification form (two copies) and a copy of the modified
loan contract;
- For modification of the loan provider: notification form (two copies), and documents verifying the capital affiliation and copy of the modified loan contract;
- Processing period: On-the-spot (Issuance of certificate of completion of notification).

- Reporting early redemption of loan (Article 6.(4) of the Enforcement Decree of the FIPA)
  - Among the notified modifications pursuant to Article 8.(1) of the FIPA, the early redemption of loans shall be immediately reported to the head of the National Tax Service, the Korea Customs Service, and the mayor of Seoul/ the mayors of the metropolitan cities/ the governors of the provinces or of special self-governing province by the head of the entrusted agency pursuant to Article 8.(1) of the FIPA.

(4) FDI through Acquisition of Stocks by Mergers

Types of investment
1. Where a foreign investor has acquired stocks issued upon the capitalization of the reserve or revaluation of the reserve of the foreign-capital invested company;
2. Where a foreign investor acquires the stocks of a newly incorporated corporation or a surviving corporation after a merger, the comprehensive exchange/transfer of stock, and a company division with the stock he possesses at the time when the relevant foreign-invested company is merged, the stock is comprehensively swapped, the stock is transferred or the company is divided;
3. Where a foreign national has acquired stocks of a foreign-capital invested company registered under Article 21 of the FIPA by means of purchase, inheritance, bequest, or gift from a foreign investor;
4. Where a foreign investor has acquired stocks by means of investing the proceeds from the acquired stocks, etc.;
5. Where a foreign national has acquired stocks using convertible bonds, exchangeable bonds, stock depositary receipts, and such other similar ones as may be converted into, available for the acceptance of, or exchanged for stocks.
FDI notification (Article 7.(1) of the FIPA)

- Foreign investors or their proxies (in possession of a power of attorney) file for notification at the agencies that issued the certificate of completion of an FDI notification (or notification of approval).
- Documentation required:
  - An FDI notification form of acquisition of stocks or shares (two copies);
  - Copy of the document verifying the acquisition of stocks or shares;
  - Where an FDI ratio is less than 10%, contract documents fall under any categories listed below:
    - A contract enabling the foreign national to dispatch or elect officers (referring to directors, representative directors, general partners, auditors or persons corresponding thereto holding a right to participate in important decision-making for business management);
    - A contract for delivering raw materials or purchasing products for one year or more;
    - A contract for providing or introducing technology or for joint research and development.
- Notification period: Within 30 days from the date of acquisition of stocks, etc.
- Processing period: On-the-spot (Issuance of certificate of completion of an FDI notification)

3. Civil Petitions Required for Factory Establishment and Commencement of Business

(1) Processing of FDI-related Civil Petitions

- Systemic classification of FDI-related civil petitions
  - Civil petitions are classified as “civil petitions to be individually treated,” “civil petitions to be treated in bulk,” and “civil petitions to be directly treated” based on the characteristics, required procedures, and related organizations of the civil petitions. Invest KOREA will process these civil petitions.

- Prompt processing of FDI-related permission and approval (Article 17.(1) of the FIPA)
  - Civil petitions required to obtain approvals including approval for the establishment of a factory are categorized into 10 different sections according to their relevance. Where major permissions or approvals are issued, it is considered that the incidental permission or approvals are also issued.
  - Inconvenience of foreign investors will be minimized because they do not need to visit several administrative agencies to have their civil petitions processed.
II. FDI Notification & Registration

- Foreign investment promotion offices in cities and provinces (Article 16.(1) of the FIPA)
  - A foreign investment promotion office may be set up in central administrative agencies, the Special Metropolitan City, the Metropolitan cities, Do (Provinces), and Si/Gun/Gu (City/County/District) for the purpose of rendering support for foreign investment by facilitating the process of civil petitions concerning permission and authorization, and building consultation networks of the related agencies.
  - The foreign investment promotion office assists the procedure of the civil petitions for FDI companies, including filing and submitting the FDI-related civil affairs documents.

- Consultation with relevant organizations (Article 17.(4) of the FIPA)
  - The head of a civil affairs administrative agency to which an application form related to civil affairs is transferred, or who has received an application form related to civil affairs shall without delay consult with the head of the relevant administrative agency. The head of the relevant administrative agency shall submit an opinion within the period prescribed in the FIPA.
  - If the head of the relevant administrative agency disagrees, he/she shall explicitly express the reason. If the head of the relevant administrative agency has not submitted his/her opinion within the prescribed period, it shall be regarded as he/she has no opinion on the matter.

- Automatic approval system (Article 17.(5) of the FIPA)
  - Where the head of a civil affairs administrative agency or the seconded officer has not notified the relevant person of his rejection for permission of the application within the processing period, the permission shall be regarded as having been granted as of the day immediately following the last day of the processing period.

- Prior (conditional) approval system (Article 17.(10) of the FIPA)
  - Even in cases where some of the requirements for obtaining permission such as the required documents have not been met, the head of a civil affairs administrative agency may grant approval on the condition that the requirements will be satisfied thereafter.

- Rejection of applications
  - Notification of reasons for rejection (Article 17.(5) of the FIPA)
    - If the head of a civil affairs administrative agency or the seconded officer intends to reject the application for permission within the processing period, he/she shall notify the foreign investor, etc., in writing of the reasons for rejecting the application.
  - Granting permission when reasons for the rejection were eliminated (Article 17.(7) of the FIPA)
    - When the foreign investor who was notified of the rejection of the application for permission remedies the reasons for the rejection and submits documentation verifying that the conditions
for the granting of permission have been met, the head of a civil affairs administrative agency shall grant the permission within three days.

In this case, the head of a civil affairs administrative agency or the seconded officer shall not refuse to grant permission for reasons other than the ones given before.

- **Others**
  - Except where otherwise prescribed in the FIPA or the Enforcement Decree of the FIPA, the process of FDI-related civil petitions shall conform to the Civil Petitions Treatment Act (Article 24.(13) of the Enforcement Decree of the FIPA).
  - Where Acts and subordinate statutes other than this Act contain provisions concerning civil affairs which affect the realization of the goal that an FDI company is able to pursue only with the permission granted in accordance with the relevant Acts and subordinate statutes from the time when the foreign investment was reported to the time of launching the business, and which do not fall under civil petitions to be treated in bulk; civil petitions to be individually treated; civil petitions to be directly treated; and civil petitions relating to the permission as prescribed by the provisions, the provisions shall not apply to the foreign investor or to the foreign investment business of the FDI company. (Article 17.(11) of the FIPA)

(2) Processing of Civil Petitions by Type

**Civil petitions to be directly treated**

- **Concept (Article 17.(2) of the FIPA)**
  - Civil petitions may be handled directly by a seconded official (at Invest KOREA) when the head of the relevant administrative agency to which the seconded official is attached delegated the right to handle such civil petitions.
  - Types of civil petitions to be directly treated (11 in total):
    - Confirmation of the Completion of Investment in-Kind
    - Business Registration
    - Permission for Activities Other Than Status of Sojourn
    - Change or Addition of Workplace
    - Granting the Status of Sojourn
    - Permission for Change of Status of Sojourn
    - Permission on Extension of Sojourn Period
    - Permission for Re-entry
    - Alien Registration
II. FDI Notification & Registration

- Report on Change in Alien Registration Matters
- Change of Location of Sojourn

■ Procedure
  ◦ When a foreign investor or a proxy files civil petitions to be directly processed by Invest KOREA, a seconded officer from the relevant civil affairs administrative agency will deal with the petitions;
  ◦ The civil petitions to be directly dealt with will be handled in accordance with the forms prescribed in the relevant acts and periods stipulated in the FIPA.

■ Types and processing period of civil petitions to be directly treated (Article 24.(1) and Addendum 3 of the Enforcement Decree of the FIPA)

<table>
<thead>
<tr>
<th>Civil Petition</th>
<th>Relevant Act</th>
<th>Processing period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Confirmation of Completion of Investment In-kind</td>
<td>Article 30.(3) of the FIPA</td>
<td>Immediately</td>
</tr>
<tr>
<td>2. Business Registration</td>
<td>Article 5 of the Act on Value Added Tax</td>
<td>Within 7 days</td>
</tr>
<tr>
<td>3. Permission for Activities Other Than Status of Sojourn</td>
<td>Article 20 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>4. Change or Addition of Workplace</td>
<td>Article 21 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>5. Granting the Status of Sojourn</td>
<td>Article 23 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>6. Permission for Change of Status of Sojourn</td>
<td>Article 24.(1) of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>7. Permission on Extension of Sojourn Period</td>
<td>Article 25 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>8. Permission for Re-entry</td>
<td>Article 30.(1) of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>9. Alien Registration</td>
<td>Article 31 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>10. Report on Change in Alien Registration Matters</td>
<td>Article 35 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
<tr>
<td>11. Change of Location of Sojourn</td>
<td>Article 36 of the Immigration Control Act</td>
<td>Immediately</td>
</tr>
</tbody>
</table>
Civil petitions to be treated in bulk

- **Concept (Article 17.(1), 17.(3), and 17.(4) of the FIPA)**
  - Civil petitions are classified into 10 categories according to their characteristics and the relevant institutions handling them. Where the major permissions or approvals have been issued, it is considered that the incidental permissions or approvals have also been issued.

- **Procedure**
  - Civil petitions to be treated in bulk will be handled in accordance with the forms and periods prescribed in the FIPA;
  - Civil-petitioners are required to attach a list of other permissions to the application form of civil petitions to be dealt with in bulk.

- **Workflow of civil petitions to be treated in bulk**

  - **Foreign Investor**
    - File civil petitions to Invest KOREA
    - Direct reply

  - **Invest KOREA (provide One-stop service)**
    - Transfer related documents to the relevant agency
    - Give notice

  - **Related Organizations**
    - Request consultation
    - Opinion submission

  - **City, County or District (Si/Gun/Gu) Office (an applications-processing institution)**
    - Encouragement and monitoring

  - **Foreign Investment Promotion Official of cities and provinces (in charge of carrying out the business on behalf of the client; supervision; check)**
    - Rejection: In case of re-application after eliminating the reasons for rejection, the permission for re-application will be granted within three days from the day of re-application.

  ※ **Note**
  ① Notification of the extension of the processing period: The period can be extended within the original processing period.
  ② Request for supplement: If a petitioner was requested to supplement certain conditions, he/she shall meet the required conditions within the notified period. (This period shall not be included in the processing period of civil petitions).
  ③ Conditional approval: Prior approval on condition that the unsatisfied requirements will be met thereafter.
  ④ Rejection: In case of re-application after eliminating the reasons for rejection, the permission for re-application will be granted within three days from the day of re-application.
II. FDI Notification & Registration

<Explanation>

① Application: A foreign investor or an FDI company may request Invest KOREA or the foreign investment promotion offices of cities (Si) and provinces (Do) to carry out matters of civil petition, such as the filling out and submission of application forms. The foreign investor or the FDI company may also file civil petitions directly to a city (Si), county (Gun) or district (Gu).

② Invest KOREA may assist in filling out and transferring (submitting) the application forms for civil petitions for a foreign investor or an FDI company.

◦ Submission of application forms with the required documents for civil petitions to be treated in bulk or civil petitions to be individually dealt with shall be made to the heads of the relevant civil affairs administrative agencies. In the case of petitions subject to legal fiction, the relevant documents required for each petition will also be submitted.

③ Invest KOREA transfers (submits) the document and notifies the relevant foreign investment promotion official thereof.

④ The documents shall be submitted to the relevant department of the agency. If necessary, the head of the relevant civil affairs administrative agencies shall without delay request consultation with the relevant organizations.

⑤ The head of the organization who receives the request shall submit his/her opinion one or two days before the expiration date of the civil petition processing period (in the case of civil petitions that require seven or more days of processing period) to the head of the relevant civil affairs administrative agency. In cases where he/she disagrees, the reasons shall be explicitly stated.

⑥ The foreign investment promotion officials who are informed of the submission of civil petitions shall encourage and monitor the procedure. In the event of the rejection of civil petitions, the officials may review the adequacy of the reasons for rejection and try to resolve the issues.

⑦ The head of the relevant civil affairs administrative agency shall review the adequacy of permissions and approvals and notify Invest KOREA and the petitioner of the result, as well as the foreign investment promotion officials in cities and provinces within the processing period.

◦ If the head of the civil affairs administrative agency has not notified the petitioner of his/her rejection of the application for permission within the processing period, the permission shall be regarded as having been granted as of the day following the last day of the processing period (automatic approval system).

◦ In this case, the head of the civil affairs administrative agency shall issue, without delay, upon the request of the foreign investor or the FDI company, a document certifying that the permission was granted.
⑧ Extension of processing period

◦ In cases where there are reasonable and objective grounds for the inability to properly deal with the civil petitions within the processing period, the head of the relevant civil affairs administrative agency may extend the processing period once within the original processing period.

⑨ Request for supplement or revision

◦ If necessary, the head of a civil affairs administrative agency may require revision or supplementation of the documents within a certain period of time. In this case, the period will not be included in the processing period.

⑩ Prior (conditional) approval

◦ Even when, with respect to the permission of civil petitions to be treated in bulk, some of the requirements (required documents, etc.) for permission have not been met, the head of a civil affairs administrative agency may grant permission on the condition that the requirements will be satisfied within a certain period of time.

◦ In cases where the conditional approval was granted, the written confirmation that all conditions were satisfied shall be submitted to the head of the civil affairs administrative agency before proceeding to the next phase.

※ Period for supplementation of the required conditions

(1) Factory establishment and business plan approval: By the application date of the construction permission (in case the construction permission is considered to have been fictitiously granted, until the reporting date of the commencement of construction)

(2) Construction permission: By the reporting date of the commencement of construction

(3) Construction permission for wastewater or air pollutant emission facilities: By the reporting date of the commencement of operation

(4) Approval of building use: By the date of the registration in the building ledger

⑪ In case of rejection of the application for permission, the foreign investment promotion officials and the petitioner shall be notified in writing of the reasons and legal grounds for the rejection. If the petitioner reapplies after eliminating the reasons for rejection, the approval shall be granted within three days and the application shall not be rejected for reasons other than the ones previously provided.

■ Relevant civil affairs administrative agencies for civil petitions to be treated in bulk

① Factory establishment (Form No.12 of the Enforcement Regulations): Mayors of cities (Si), counties (Gun) and districts (Gu);

② Business plan approval (Form No.13 of the Enforcement Regulations): Mayors of cities, counties and districts;

③ Construction permission (Form No.14 of the Enforcement Regulations): Mayors of cities,
II. FDI Notification & Registration

- Types
  - Legal Fiction of Permission
  - Processing Period

<table>
<thead>
<tr>
<th>Types</th>
<th>Legal Fiction of Permission</th>
<th>Processing Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 1. Approvals for factory establishment</td>
<td>Civil petitions in accordance with 19 individual acts such as permission on land exclusive for agricultural use (Article 34.1 of the Farmland Act)</td>
<td>- When legal fiction of permission is not necessary: 7 days</td>
</tr>
<tr>
<td>pursuant to Article 13.(1) of the Industrial Cluster Development and Factory Construction Act</td>
<td></td>
<td>- When the approvals of all the requests are under the authority of mayor/county governor/head of ward office, and do not accompany the designation of Class II District Unit Planning Zone pursuant to the National Land Planning and Utilization Act: 14 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Other cases including the case accompanying the designation of Class II District Unit Planning Zone pursuant to the National Land Planning and Utilization Act: 30 days</td>
</tr>
<tr>
<td>Type 2. Approvals for business plan pursuant to</td>
<td>Civil petitions in accordance with 14 individual acts, such as permission of occupation and use of road (Article 13.1 of the Road Act)</td>
<td>- When legal fiction of permission is not necessary: 7 days</td>
</tr>
<tr>
<td>Article 33 of the Support for Small and Medium</td>
<td></td>
<td>- When the approvals of all the requests are under the authority of mayor/county governor/head of ward office or when accompanying the designation of Class II District Unit Planning Zone pursuant to the National Land Planning and Utilization Act: 14 days</td>
</tr>
<tr>
<td>Enterprise Establishment Act</td>
<td></td>
<td>- Other cases including the case where a consultation with other agency is required: 21 days</td>
</tr>
<tr>
<td>Type 3. Permission for construction pursuant to</td>
<td>Civil petitions in accordance with 21 individual acts, such as permission on installation of exclusive waterworks (Article 38.1 of the Road Act)</td>
<td>- Buildings that will be constructed following standard drawings and specifications: 7 days (3 days)</td>
</tr>
<tr>
<td>Article 11 of the Building Act</td>
<td></td>
<td>- Buildings subject to construction deliberation by construction committee of city/province/district (including buildings subject to pre-approval): 30 days (15 days)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Other buildings: 14 days (7 days)</td>
</tr>
</tbody>
</table>

- Counties, and districts;

- Construction permission for wastewater or air emission facilities (Form No.15 of the Enforcement Regulations): Mayors of cities and Provincial (Do) governors;

- Approval of building use (Form No.16 of the Enforcement Regulations): Mayors of cities, counties, and districts;

- Approval of tourist resort complex development plan (Form No.16-2 the Enforcement Regulations): Mayors of cities and Provincial governors;

- Tourism business registration (Form No.16-3 of the Enforcement Regulations): Mayors of cities and Provincial governors;

- Approval of business plan for registered sports facilities (Form No.16-4 of the Enforcement Regulations): Mayors of cities, counties, and districts;

- Approval of development plan (Form No.16-5 of the Enforcement Regulations): Governor of the Jeju Special Self-governing Province;

- Factory registration (Form No.16-6 of the Enforcement Regulations): Mayors of cities, counties, and districts or heads of the management agencies.

- Types of documents required for civil petitions to be treated in bulk
### Types of Permissions

<table>
<thead>
<tr>
<th>Types</th>
<th>Legal Fiction of Permission</th>
<th>Processing Period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type 4.</strong> Permission for wastewater discharge facilities pursuant to Article 33 of the Water Quality Conservation Act (in cases where there is no wastewater discharge facility, permission for air pollutant discharge facilities pursuant to Article 23 of the Clean Air Conservation Act)</td>
<td>Civil petitions in accordance with 6 individual acts, such as permission and report on installation of emission facilities (Article 23 of the Clean Air Conservation Act)</td>
<td>7 days</td>
</tr>
</tbody>
</table>
| **Type 5.** Approvals of use of buildings pursuant to Article 22 of the Buildings Act | Civil petitions in accordance with 16 individual acts, such as inspection prior to operation (Article 63 of the Electric Utility Act) | – When water quality analysis by an analysis agency is necessary: 14 days  
– Other cases: 6 days |
| **Type 6.** Approvals of tourist resort complex development plan pursuant to Article 54 of the Tourism Promotion Act | Civil petitions in accordance with 18 individual acts, such as determination of urban management planning (Article 30 of the National Land Planning and Utilization Act) | Within the period set by the relevant law |
| **Type 7.** Registration of travel business pursuant to Article 4.(2) of the Tourism Promotion Act | Civil petitions in accordance with 8 individual acts, such as report on commencement of public health business (Article 3 of the Public Health Control Act) | Within the period set by the relevant law |
| **Type 8.** Approvals of business plan pursuant to Article 12 of the Installation and Utilization of Sports Facilities Act | Civil petitions in accordance with 9 individual acts, such as permission on land exclusive for agricultural use (Article 34 of the Farmland Act) | Within the period set by the relevant law |
| **Type 9.** Approvals of development project implementation pursuant to Article 229 of the Special Act on Establishment of Jeju Special Self-governing Province and Development of Free International City | Civil petitions in accordance with 26 individual acts, such as permission on grassland development (Article 5 of the Grassland Act) | Within the period set by the relevant law |
| **Type 10.** Factory registration pursuant to Article 16 of the Industrial Cluster Development and Factory Establishment Act | 21 civil petitions in accordance with 20 individual acts, such as report of publishing and printing company (Article 9.(1) of the Publication and Printing Promotion Act) | Within the period set by the relevant law |

**Remarks:**

1) The periods stated in parenthesis in Type 3 (Permission for construction) in the foregoing table refers to the time specified for a building engineer’s site survey/inspection on behalf of the relevant institution.

2) Concerning Type 3 (Permission for construction) in the foregoing table, the period should read “14 days,” if an outside expert’s environmental impact review requires less than 14 days.
II. FDI Notification & Registration

- **Application for approvals and authorizations – Forms and other documents to be submitted (one copy each)**
  
  - Approval of factory establishment (Form No. 12 of the Enforcement Regulations)
    - Business plan
    - Detailed statement on legal fiction of permission
    - Documents verifying the right to use land and buildings (limited to cases of obtaining permission using an existing building)
  
  - Approval of a business plan (Form No. 13 of the Enforcement Regulations)
    - Business plan (limited to cases where the application approval is submitted)
    - Modification plan, documents stating reasons for modification, document comparing the original and modified contents of the business plan (limited to cases where the application for approval of the modification is submitted)
    - Detailed statement on legal fiction of permission
  
  - Application for a building permit (Form No. 14 of the Enforcement Regulations)
    - Document verifying the size of the land for construction and the ownership or the right to use such land
    - Document concerning pre-decision (in the event of issuance of a pre-decision document concerning the size of a building site).
    - Basic blueprint of the building (including an outline of the building).
    - Detailed statement on legal fiction of permission.
  
  - Authorization for installation of a facility which discharges wastewater or air pollutants (Form No. 15 of the Enforcement Regulations)
    - Flow chart showing the operation process of facilities.
    - Detailed statement on legal fiction of permission.
  
  - Application for the approval of the use of a building (Form No. 16 of the Enforcement Regulations)
    - Report on the completion of construction supervision
    - The finalized work document that reflects the changes in the design (in the event of a change in the building permit document).
    - Blueprint (limited to cases that are subject to report pursuant to Article 14.(1) of the Construction Act).
    - Certificate confirming the completion of inspection on a liquefied petroleum gas facility (if applicable).
    - Detailed statement on legal fiction of permission.
Approval of formation of a tourist complex (Form No. 16-2 of the Enforcement Regulations)

- Investment plan, a plan for tourist site management and a tourist facility plan, including the following:
  - Land use plan specifying the uses.
  - Facility installation plan (drawn on a scale of 1:500 or 1:6,000).
  - Landscaping scheme.
  - Installation plan of water supply and drainage, and electricity supply and communication facilities.
- Statement of land specifying lot numbers, land category, land register, owners, and areas by facilities.
- A bird’s-eye-view.
- Documents verifying the right to use the land or ownership of the land to be formed (in the case that more than two-thirds of a private land is acquired, a document verifying the ownership of the land acquired).
- Detailed statement of legal fiction of permission.

Registration of a tourism business (Form No. 16-3 of the Enforcement Regulations)

- Business plan.
- Document certified by an embassy or consulate of the Republic of Korea in the relevant country pursuant to the Act on Notarial Acts Done at Overseas Diplomatic and Consular Missions.
- Documents verifying the ownership of the land or right to use the land.
- Detailed statement on legal fiction of permission.
- Balance sheet at the time of the registration confirmed by an CPA or the head of the relevant tax office (in case of tourist businesses and international conference services), detailed statement on amount of assets for business and verifying documents (in case of individuals).
- Additional documents are required for permission on tourist accommodation businesses, tourist facilities businesses, and international conference facilities businesses.

Approval of a business plan concerning a registered sports facility (Form No. 16-4 of the Enforcement Regulations)

- Documents which include the size of the land and land use plan
- A land details sheet.
- Document verifying the right to use the land, such as a real estate lease contract (in the event that the real estate is owned by another person).
- A map showing the business location (drawn to a scale of more than 1:25,000).
II. FDI Notification & Registration

- Area size of each floor and details about the facilities.
- Construction plan and plan on procurement of budget.
- Layout plan for the major facilities, equipments and devices.
- Plan of operation (positioning of trainer/coach, insurance, etc.).
- Detailed statement on legal fiction of permission.

- Approval of implementation of a development project (Form No. 16-5 of the Enforcement Regulations)
  - Business plan.
  - Basic investigation report (if applicable).
  - An integrated effect evaluation report (if applicable).
  - Map of planned site (1:25,000), map of neighboring areas.
  - Documents certifying the ownership and related persons of the land, buildings, and others located on the planned site.
  - Landscape and restoration plan for the damaged land.
  - Plan for the management of a nationally/municipally owned land and other public facilities.
  - Support plan for land-seller.
  - Employment plan by sector.
  - Detailed statement on legal fiction of permission.

- Registration of a factory (Form No. 16-6 of the Enforcement Regulations)
  - A copy of a business plan (if applicable).
  - In case of modification of registration, documents verifying the modifications (in case of transfer or lease of registered factory, documents verifying the fact should be included).
  - Detailed statement on legal fiction of permission.
Civil petitions to be individually treated

- Concept (Article 17.(3) of the FIPA and Article 24.(5) of the Enforcement Decree of the FIPA)
  - Civil petitions that require approvals and permissions may be processed individually in accordance with the relevant laws.
  - To be handled in accordance with the form stipulated in the relevant acts and the Act and within the time prescribed in the Act.

- Procedure
  - The procedure is the same as that of civil petitions to be treated in bulk.

- Scope (96 in total)
  - Addendum 2 of the FIPA (related to Article 17.(3)): 12 in total
  - Addendum 5 of the Enforcement Decree of the FIPA (related to Article 24.(5)): 81 in total
  - Addendum 1 of the Enforcement Regulations of the FIPA (related to Article 10.(4)): Three in total

4. Follow-up Management of FDI Companies

(1) Modification of an FDI Company Registration (Article 21.(1) and Article 21.(2) of the FIPA, Article 27 of the Enforcement Degree of the FIPA)

- The system of registration of foreign-invested businesses is intended to make it easier to distinguish them from local businesses and to help foreign investors to take profit earned out of the country and extend their stay in the country more conveniently.

  - Cases that require application for new registration
    - Completion of the payment of the objects of investment.
    - Acquisition (based on payment of the price) of existing stocks under Article 6 of the FIPA.
    - Acquisition of stocks under Article 7.(1).5 of the FIPA
    - Completion of contribution under Article 8.(2) of the FIPA
    ※Registration can be made before completion of payment of the objects of investment or the payment for acquired existing stocks, in the case that an FDI falls under Article 2.(1).4.(a) of the FIPA.

  - Documents to be submitted
    - Application for registration of a foreign-invested business.
II. FDI Notification & Registration

- A foreign currency purchase (or deposit) certificate (or a confirmation letter about completion of in-kind investment in the event of in-kind investment in the form of capital goods).
- Research project prospectus, the list of researchers and the list of research facilities (in the event of a non-profit corporation in science and technology).
- An inspector’s survey report under Article 422 of the Commercial Act or an appraisal report (in the event of investment with stocks and domestic real estate).
- A copy of the corporation registration certificate (along with a shareholders’ ledger or a document verifying stock transfer in the event of acquisition of existing stocks; or a copy of the business registration certificate or business number certificate in the event of an individual business).

(2) Registration of a Change in a Foreign-Invested Business (Article 27.(2) of the Enforcement Decree of the FIPA)

- **Modification of FDI Company Registration**
  - Where a foreign investor acquires existing stocks through a merger, etc. (Article 7 of the FIPA).
  - Where a foreign investor transfers stocks of a foreign-invested business to a third party (Article 23.(1) of the FIPA).
  - Where the title and trade name of a foreign-invested business change (Article 27.(2).3 of the Enforcement Decree of the FIPA).
  - Where subjects falling under any subparagraph of Article 6 of the Enforcement Decree of the FIPA change, including the title and trade name of a foreign investor, FDI amount, FDI ratio, FDI method, operating business, and address of FDI company.

- **Application for modification**
  - Submit application to the follow-up management agency (entrusted agency) within 30 days from the day the reasons for modification were generated.
  - Documents to be submitted: Application for (a change in) the registration of a foreign-invested business; a document verifying the content of the change; and the original copy of the foreign-invested business registration certificate.

(3) Cancellation of the Registration of a Foreign-Invested Business (Article 21 of the FIPA; Article 28.(1) of the Enforcement Decree of the FIPA; Article 17-2 the Enforcement Regulations of the FIPA)

- When a registered foreign-invested business closes its business or has not carried out a business activity for more than 2 years.
- When a registered foreign-invested business or a foreign investor fails to comply with an order
for a remedial action given under Article 28.(5) of the FIPA.

- In the event of a situation that requires the dissolution of a registered foreign-invested business.
- When a foreign investor voluntarily requests the cancellation of its registration.
- When a foreign investor or a foreign-invested business transfers or lends its registration certification to a third party.
- When it is discovered that the registration involved a fake action.

※ In the event of a cancellation of FDI authorization by the Minister of Knowledge Economy or the cancellation of the registration of a foreign-invested business by the Minister of Knowledge Economy or the head of the entrusted institution, the relevant notice should be forwarded to the head of the local administrative unit, the relevant minister, and the Administrator of the National Tax Service. (Article 10.(5) of the FIPA)

(4) Disposal of Capital Goods imported with Exemption from Customs Duties (in the event of transfer, loan, or use for a purpose other than that reported) (Article 22.(1) of the FIPA)

- Less than five years since the date of import declaration: Prior notification
  - Places for notification: Follow-up management agency (the agency where the FDI notification was made)
  - Documents to be submitted: Declaration form for the disposal of capital goods.

- Five or more years since the date of import declaration: No report is required. (Article 29.(1) of the Enforcement Decree of the FIPA)
  - Imported capital goods may be disposed of freely without a notification.

(5) A Foreign-Invested Business Being Engaged in Another Business than the One Originally Reported

- For a foreign-invested business whose FDI ratio comes to less than 10%
  - All kinds of additional business operations are allowed without notification.

- For a foreign-invested business whose FDI ratio comes to not less than 10% (Article 29.(2).1 of the Enforcement Decree of the FIPA)
  - Additional business operation is allowed without notification pursuant to FIPA when:
    - Additionally conducting business fully open to foreign nationals.
    - Conducting business partially restricted to foreign nationals within the extent allowed by the relevant laws.
Additional business operation is restricted when:
- Conducting business partially restricted to foreign nationals in excess of the extent allowed by the relevant laws.
- Additionally conducting business closed to foreign nationals.

(6) A Foreign-invested business’s Acquisition of Stocks of Other Domestic Companies

- FDI companies with less than 50% of FDI ratio and whose largest shareholder is not a foreign national.
  - Acquisition of existing stocks of other domestic companies is allowed

- FDI companies with 50% or more of FDI ratio or whose largest shareholder is a foreign national (Article 29.(2).2 of the Enforcement Decree of the FIPA)
  - Acquisition of existing stocks by FDI companies is allowed when:
    - Acquiring existing stocks, etc., of other domestic companies operating businesses fully opened to FDI.
    - Acquiring existing stocks, etc., of other domestic companies operating businesses partially opened to FDI within the extent allowed by the relevant laws.
    - FDI companies in finance, insurance, etc., whose main or partial business objective is to acquire stocks, etc., of other companies acquires stocks, etc., of other domestic companies pursuant to other relevant laws.
    - Acquiring less than 10% of existing stocks, etc., of other domestic companies operating businesses closed to FDI.
  - Acquisition of existing stocks by FDI companies is restricted when:
    - Acquiring existing stocks, etc., of other domestic companies operating businesses partially opened to FDI in excess of the extent allowed by the relevant laws.
    - Acquiring 10% or more of existing stocks, etc., of other domestic companies operating businesses closed to FDI.

(7) Notification of Transfer and Decrease of Stocks (Article 23 of the FIPA; Article 30 of the Enforcement Decree of the FIPA)

- Notification shall be made:
  - When foreign investors transfer their stocks, etc., to others.
  - When foreign investors decrease their stocks, etc., through capital decrease.
■ Notification period:

○ Transfer of stocks, etc.: Within 30 days from the date on which the transfer contract was concluded.

○ Capital decrease: Within 30 days from the date of termination of the period of peremptory notice for creditors pursuant to Article 439 of the Commercial Act, or from the date on which notice is given of the commencement of the resuscitation procedure under the Article 51 of Debtor Rehabilitation and Bankruptcy Act.

■ Documents to be submitted:

○ Notification form for transfer/decrease of stocks or shares (two copies).

○ A document verifying the stock transfer or decrease, such as the transfer contract or the registration certificate for modification of capital decrease, etc.

○ A document verifying the nationality of the transferee (when the transferee is a new foreign investor).

※ Upon receipt of the report on stock transfer or decrease, the head of the entrusted institution should immediately inform the Administrator of the National Tax Service, the Administrator of the National Customs Service, and the head of the local administrative unit of the content of the report. (Article 30.(4) of the Enforcement Decree of the FIPA)
1. **Tax Incentives**

**1.1 Purpose**

- Under the Restrictions of Special Taxation Act, reduction or exemption from corporate tax, income tax, acquisition tax, registration tax, property tax, and comprehensive real estate tax may be granted to an FDI that is vital to strengthen the competitiveness of the domestic industry.

**1.2 Businesses Eligible for Tax Incentives (Chapter 5 of the Restriction of Special Taxation Act)**

- Businesses accompanying high-tech or industry-supporting service businesses (Article 121-2.(1).1 of the Restrictions of Special Taxation Act)

  - Tax incentives may be granted to businesses that meet all the following requirements, and establish and operate factory facilities in order to operate industry-supporting service businesses and businesses accompanying high-tech as determined by the Minister of Strategy and Finance after a review by the Foreign Investment Commission based on its necessity to strengthen the international competitiveness of Korea's domestic industry:

    - Technology which has substantial economic and technological benefits to the national economy and is critical in advancing the nation's industrial structure and strengthening the international competitiveness of Korea's domestic industry;

    - Technology which has been introduced less than three years previously (as of the filing date of the FDI notification or the technology inducement contract); or technology which has been introduced less than three years previously but is evaluated as having a superior economic effect and technological performance compared to already-introduced technologies;

    - Technology whose major processes or services are mainly conducted in Korea.
### Industry-Supporting Service Business

Service industry that has high value-added; greatly supports the development of other industries including the manufacturing industry; and is considered necessary for the international competitiveness of the domestic industry.

### Business accompanying high-tech

Business accompanying technologies that have not been invented or are at a lower level and are considered necessary for the international competitiveness of the domestic industry.

- **Businesses located in Individual FIZs (Article 18.(1).2 of the FIPA and Article 121-2.1.(2) of the Restrictions of Special Taxation Act)**

  - **Designation of FIZ:**
    - Mayors or provincial governors may designate, after the review by the Foreign Investment Commission, a region where foreign investors hope to invest (Individual FIZ).
  
    ※ In the case of FEZs, the "Foreign Investment Commission" in the foregoing is replaced with "FEZ Committee", while in the case of the Jeju Special Self-governing Province, it is replaced with "Jeju Special Self-government Province Support Committee".

  - **Requisites for tax reduction or exemption of Individual FIZ:** A company shall establish new facilities in the FIZ and meet any of the following requirements:

    1. Establishing a new factory to operate manufacturing business and having more than US$ 30 million of foreign investment;
    2. Establishing a new facility to operate the following businesses and having more than US$ 20 million of foreign investment:
      - Tourist hotel, floating tourist hotel, traditional hotel, special recreational service, resort complex and amusement facility businesses pursuant to the Tourism Promotion Act;
      - International conference facility pursuant to the International Conference Industry Promotion Act.
    3. Establishing a new facility to operate the following businesses and having more than US$ 10 million of foreign investment.
      - Combined cargo terminal business pursuant to the Goods Distribution Promotion Act;
      - Joint collection and delivery center business pursuant to the Distribution Industry Development Act;
      - Harbor (airport) facility business and logistics business pursuant to the Harbor Act and the Aviation Act;
      - Revertible facilities pursuant to the Act on Public-Private Partnerships in Infrastructure.
    4. Establishing or expanding research facilities to conduct R&D for industry-supporting service business and business accompanying high-tech (All the following requirements shall be met):
      - US$ 2 million or more of FDI;
III. Support For FDI

- The regular employment of 10 or more researchers who have bachelor’s degrees in the concerned business related fields with three years or more research experience.

5. Business operated by 2 or more FDI companies located in the same foreign investment zone (All the following requirements shall be met):
   - US$ 30 million or more of total FDI of the companies;
   - Operating business or a category of business shall fall under any of ①～④;
   - Facilities of ①～④ shall be established in or adjunct to the same national industrial complex or regional industrial complex.

※Previous export-free zones shall be considered as individual foreign investment zones (116-2.(4) of the Enforcement Decree of the Restriction of Special Taxation Act).

- Businesses located in FIZ Complex (previously the Exclusive Zones for FDI companies) (Article 18.(1).1 of the FiPA and Article 121-2.(1).2-5 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Manufacturing/logistics businesses operated by an FDI company located in the areas of a national industrial complex and general industrial complex that are designated by a mayor or provincial governor to lease or transfer exclusively to FDI companies (FIZ Complex).
  - Requirements for tax reduction or exemption:
    - For manufacturing businesses: New factory facilities shall be established and the amount of FDI shall be at least US$ 10 million;
    - For logistics businesses: New factory facilities shall be established and the amount of FDI shall be at least US$ 5 million.

- Businesses located in Free Economic Zone (FEZ) (Article 121-2.(1).2-2 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Manufacturing, tourism, and logistics businesses, medical institutions, R&D facilities moving into areas prescribed in the Act on Designation and Management of FEZs.
  - Requirements for tax reduction or exemption:
    - Installation of new facilities, etc., in FEZs;
    - US$ 10 million or more of FDI for manufacturing and tourism businesses and US$ 5 million or more of FDI for logistics businesses and medical institutions;
    - US$ 1 million or more for R&D facilities and the regular employment of 10 or more researchers who have bachelors or higher degrees in the relevant business-related fields with three years or more research experience.
- **Businesses located in Free Trade Zones (FTZ)** (Article 121-2.(1).3 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Export, manufacturing, cargo-working, transportation, storage, display businesses, etc., operated by regional companies located in an FTZ prescribed in the Act on Designation and Management of FTZs.
  - Requirements for tax reduction or exemption:
    - Installation of new factory facilities, etc., in FTZs
    - US$ 10 million or more of FDI for export and manufacturing businesses; and US$ 5 million or more of FDI for cargo-working, transportation businesses, etc.

- **Businesses in Enterprise City Development Zone** (Article 121-2.(1).2-6 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Manufacturing, tourism, distribution, engineering, additional communication, research and development, information processing, and other areas related to computer operation businesses; science and technology service businesses; and film and video production businesses, etc., moving into the zones pursuant to Article 2.(2) of the Special Act on the Development of Enterprise Cities.
  - Requirements for tax reduction or exemption:
    - Installation of new facilities, etc.;
    - US$ 5 million or more of FDI for R&D and distribution businesses and US$ 10 million or more of FDI for other businesses.

- **FEZ development undertakers** (Article 121-2.(1).2-3 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Development business operating plan, finance, design, construction, marketing, lease, sale, etc., together in order to develop the FEZs following the FEZ development plans pursuant to Article 6 of the Act on Designation and Management of Free Economic Zones.
  - Requirements for tax reduction or exemption:
    - US$ 30 million or more of FDI;
    - 50% or higher FDI ratio and US$ 500 million or more of the total development costs for the concerned FEZ.
III. Support For FDI

- Jeju investment promotion zone development undertakers (Article 121-2.(1).2-4 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives:
    - Development business operating plan, finance, design, construction, marketing, lease, sale, etc., together in order to develop the Jeju investment promotion zone pursuant to Article 217 of the Special Act on Establishment of Jeju Special Self-governing Province and Development of Free International City.
  - Requirements for tax reduction or exemption:
    - US$ 10 million or more of FDI;
    - 50% or higher FDI ratio and US$ 100 million or more of the total development costs for the concerned Jeju investment promotion zone.

- Enterprise cities development undertakers (Article 121-2.(1).2-7 of the Restriction of Special Taxation Act)
  - Businesses eligible for tax incentives
    - Development business in order to develop an enterprise cities development zone following the enterprise cities development plan pursuant to Article 11 of the Special Act on the Development of Enterprise Cities.
  - Requirements for tax reduction or exemption
    - US$ 30 million or more of FDI;
    - 50% or higher FDI ratio and US$ 500 million or more of the total development costs for the concerned enterprise cities development zone.

- Exclusions from tax reduction or exemption
  - FDI through acquisition of existing stocks (Article 121-2.(9) of the Restriction of Special Taxation Act).
  
  ※ Other supports, including the lease of state and public-owned land and administrative support, are still provided.
  - Capital contribution made through stocks of a foreign corporation listed/registered on a foreign stock exchange market or stocks owned by foreign nationals under the FIPA and the Foreign Exchange Transactions Act.
  - Stocks that a Korean corporation (or Korean national) owns directly or indirectly comprising 10% or more of voting stocks of a foreign company or corporation and the foreign company or corporation investing in Korea (Article 121-2.(11) of the Restriction of Special Taxation Act and Article 116-2.(11) or 116-2.(13) of the Enforcement Decree of the Restriction of Special Taxation Act).
※ Calculating indirect ownership ratio

1. In cases where a Korean national, etc., owns more than 50% of the voting shares of stockholder of a foreign corporation or investing corporation ("stockholder corporation"), the ratio of voting shares of the foreign corporations, etc., owned by the stockholder corporation to the total voting shares issued by the foreign corporation, etc., ("stockholding ratio of stockholder corporation") shall be the indirect ownership ratio of Korean nationals, etc., to the foreign corporation, etc.

2. In cases where a Korean national, etc., owns more than 50% of voting shares of a stockholder corporation such as a foreign corporation, the ratio multiplying the ownership ratio by the stockholding ratio of the stockholder corporation shall be the indirect ownership ratio of Korean nationals, etc., to the foreign corporation, etc.

3. In cases where there are two or more stockholder corporations, when applying for 1 and 2, the ratio adding up the ratios calculated by each stockholder corporation pursuant to 1 and 2 shall be the indirect ownership ratio of Korean nationals, etc., to the foreign corporation, etc.

4. Calculation methods of 1 or 3 shall be applied mutatis mutandis when there are one or more corporations between stockholder corporations such as a foreign corporation, etc., and Korean nationals and these corporations are connected through shared ownership.

◦ Long-term loans are not included in the FDI ratio that is applied when calculating reduction ratio.

(3) Period and Amount of Tax Incentives (Article 121-2 of the Restriction of Special Taxation Act and Article 116-2 of the Enforcement Decree of the Restriction of Special Taxation Act)

■ Corporate tax/income tax

◦ Tax amount to be reduced:

- (Corporate/income tax amount on income derived by carrying on a business eligible for tax reduction or exemption) × (FDI ratio)

◦ Period and ratio

- Businesses accompanying high-tech & companies located in FIZs (individual FIZ, Article 18.(1).2 of the FIPA):

  • 100% exemption for five years from the year in which the initial profit was made;
  • 50% reduction for the following two years.

- Other companies eligible for tax reduction or exemption: 100% exemption for three years, 50% reduction for the following two years.

- When no income accrues by the taxable year whereto belongs the date on which five years lapse from the commencement of the business, the time period will be calculated from the taxable year to which the date on which the five year lapse belongs.
III. Support For FDI

- Corporate tax/income tax on dividends
  
  - Tax amount to be reduced:
    - \((\text{Calculated dividend tax}) \times (\text{a percentage of income derived from the operation of the business eligible for reduction or exemption to gross income})\)
  
  - Period and ratio
    - Same as corporate tax/income tax

- Acquisition tax/registration tax on building and land
  
  - Tax amount to be reduced: \((\text{Calculated tax amount}) \times (\text{FDI ratio})\)
  
  - Period and ratio:

    Businesses accompanying high-tech & businesses located in FIZs (individual FIZ, Article 18.(1).2 of the FIPA):
    - 100% exemption for the first five years from the commencement of the business;
    - 50% reduction for the following two years.

    Other FDI companies:
    - 100% exemption for three years, 50% reduction for the following two years.

  In cases where a local administrative unit extends the period of reduction or exemption up to 15 years or increases the rates of reduction or exemption under the conditions as prescribed by the Municipal Ordinance, the modified period and ratio shall apply.

- Property tax
  
  - Tax amount to be deducted: \(\{(\text{Tax base for property acquired}) \times (\text{FDI ratio})\}\) will be deducted from the tax base.
  
  - Period and ratio: Similar to those of acquisition/registration tax

- Customs duties / individual consumption tax / value-added tax
  
  - Exemption from customs duties, individual consumption tax, and value-added tax: Capital goods imported for the use of businesses accompanying high-tech or businesses located in FIZs (individual FIZ, Article 18.(1).2 of the FIPA).
  
  - For other FDI companies, only customs duties will be exempted or reduced.

- Tax reduction or exemption for capital increase (Article 121-4 of the Restrictions of Special Taxation Act and Article 116-6 of the Enforcement Decree of the Restriction of Special Taxation Act)
  
  - In cases where an FDI company increases its capital, the relevant provisions shall apply *mutatis mutandis* to the tax reduction or exemption for the portion of relevant capital increase. In this
case, the date of commencement of business shall be the date that the modification registration for the capital increase was made.

- For stocks which foreign investors acquire through the capitalization of a reserve, a reserve for revaluation, or other reserves, the reduction/exemption shall be made depending on the remainder of such reduction/exemption period and the reduction/exemption ratio for the relevant remaining period in conformity with the examples of reduction/exemption for the existing stocks.

- However, if the relevant FDI company makes an application for tax reduction or exemption by increasing its capital within five years after making the paid-in capital reduction, the decision on tax reduction or exemption shall be made only for the foreign investment ratio against the portion of net increase.

- In cases where an FDI company who was granted tax reduction or exemption for the portion of its capital increase makes a paid-in capital decrease within seven years after the capital increases, with respect to the calculation of the reduced and exempted tax amount, the relevant FDI company shall be deemed to have decreased its capital in a reverse order, starting with the portion of its increased capital that is made immediately prior to the relevant paid-in capital decrease (excluding any capital increase that is made in the form of issuing shares through the capitalization of reserves and revaluation reserves provided for in Article 7.(1).1 of the FIPA and other reserves provided for in other Acts and subordinate statutes).

- In cases where an FDI company increases its capital within the scope of the reported FDI amount that is confirmed when the decision on the tax reduction or exemption is made prior to the date on which three years lapse from the date on which the first notice concerning the decision on the tax reduction or exemption is served after reporting the FDI, even if no application is filed for tax reduction or exemption, the FDI company shall be deemed eligible for the decision on the tax reduction or exemption for the portion of the increased capital.

- **Tax reduction for FDI in a method as business takeover (Article 121-2.(12) of the Restriction of Special Taxation Act)**

  - In the case of FDI as a method of business takeover in the businesses accompanying high-tech and industry-supporting service businesses, the period and amount for tax reduction or exemption shall be reduced.

    - Corporate/income tax: 50% reduction for the first three years from the year in which the initial profit was made; 30% reduction for the following two years.

    - Corporate/income tax on dividends: Same as the reduction or exemption on an FDI company’s corporate/income tax.

    - Acquisition/registration/property/comprehensive real estate tax: 50% reduction for the first three years from the commencement of the business; 30% reduction for the following two years.

    However, in case of tax reduction or exemption on properties acquired before the commencement
of the business and after the decision on tax reduction or exemption, 50% of acquisition/registration tax reduction will be granted for the first three years from the commencement of the business and 30% reduction will be granted for the following two years.

(4) Application and Procedures for Tax Reduction/Exemption

<Tax Reduction/Exemption Decision-Making Process>

- Application for tax reduction or exemption (Article 121-2.(6) of the Restriction of Special Taxation Act)
  - Application period:
    - For new FDI: By the closing date of the taxable year pertaining to the date of commencement of the business of the FDI
    - For capital increase: By the closing date of the taxable year pertaining to the date of notification of capital increase
  ※ Application after the assigned period: Tax reduction/exemption for the remaining period shall be granted.
  - Pre-confirmation of tax reduction/exemption (Article 121-2.(7) of the Restriction of Special Taxation Act):
    - The purpose of the pre-confirmation is to facilitate the decision-making of foreign investors by confirming whether a business intended to invest is subject to tax reduction or exemption in advance.
Even though a business is confirmed as eligible for tax exemption or reduction, the application for tax exemption or reduction shall be made after the FDI notification.

Application for modification of the contents of the tax reduction or exemption:

- Application shall be made within two years from the date on which the reasons for modifications were generated.

Places for application: Ministry of Strategy and Finance (☎ 82-2-2150-7626)

- Foreign investors may submit the application form for the tax reduction or exemption and the FDI notification at the same time to Invest KOREA or to a foreign exchange bank. In this case, the agency shall process the FDI notification following the relevant procedures and shall transfer the application form for the tax reduction or exemption and related documents to the Ministry of Strategy and Finance immediately.

**Documentation required**

Application form for the tax reduction/exemption and documents listed below (two copies each):

- Documents explaining the technology concerned;
- Documents describing the scope of use of the products/services produced and provided using the technology concerned;
- Documents describing the production methods and its procedures (limited to manufacturing technology)
  - All procedures shall be included and the procedure requiring high-tech shall be specified.
  - It shall be stated whether the production of each procedure is processed domestically.
- Documents showing economic benefits or technological performance
  - Comparative analysis of performance, quality and cost-savings regarding the same or similar products.
  - Other documents verifying that the technology concerned is high-tech:
    - Documents related to industrial property rights including certificate of industrial property rights, certificate of authentication, certificates proving the test pass, documents related to development of technology, past records of technology provided to third countries, patent rights, etc.
    - Other documents verifying the high technological level of the technology.

※The same documents listed above shall be submitted when making a request for the pre-confirmation for tax reduction/exemption.

**Decision and notification on tax reduction or exemption (Article 121-2.(8) of the Restriction of Special Taxation Act)**

- Processing Period: Within 20 days from the date of submission of application.
III. Support For FDI

- Consultation with relevant ministries:
  - Consultation with the pertinent Minister of the relevant business regarding whether the business falls under categories of businesses accompanying high-tech or industry-supporting service businesses.
  - The Minister of Strategy and Finance shall decide whether to approve or reject the tax reduction/exemption based on the result of the consultation.
    ※ However, in case of capital increase investment in the business that tax reduction/exemption is already granted, the consultation can be omitted.
  - In cases where the Minister of Strategy and Finance is determined to reject the application, the Minister shall give advance notice of the decision within 20 days of the application.
  - A person who receives an advance notice can make a request for a review of the fairness of the decision with attached materials for explanation within 20 days.
  - In cases where tax reduction or exemption is granted by the Minister of Strategy and Finance, notification of the decision shall be provided to the applicant, Invest KOREA, the head of the entrusted agency, the Commissioner of the National Tax Agency, the Commissioner of the Korea Customs Service, and the head of the local administrative unit.

- Additional collection of reduced or exempted tax (Article 121-5 of the Restriction of Special Taxation Act)
  - Reasons for additional collection of reduced or exempted corporate tax:
    - Where a foreigner registration is revoked under Article 21.(3) of the FIPA;
    - Where the standards for tax reduction or exemption becomes not satisfied;
    - Where a person, who has received a corrective order as he/she failed to implement the contents of reports, fails to comply with it;
    - Where a foreign investor transfers the stocks, etc., which he owns under the FIPA to a Korean national, etc.;
    - Where the relevant FDI company closes down its business;
    - Where the payment of investment in subject matters, etc., is not provided within five years from the FDI notification.
  - Reasons for additional collection of reduced or exempted customs, special consumption tax, and value-added tax:
    - Where a foreigner registration is revoked under Article 21.(3) of the FIPA;
    - Where the subject-matter of investment is used for any other purpose than the reported ones or disposed of;
    - Where a foreign investor transfers the stocks, etc., which he owns under the FIPA to a Korean national, etc.;
Where the relevant FDI company closes down its business.

Reasons for additional collection of reduced or exempted local taxes including acquisition tax, etc.:

- Where a foreigner registration is revoked under Article 21.(3) of the FIPA;
- Where the investment ratio of foreign investors falls short of the investment ratio at the time of reduction or exemption;
- Where a foreign investor transfers the stocks, etc., which he owns under the FIPA to a Korean national, etc.;
- Where the relevant FDI company closes down its business.

Additional collection of reduced or exempted taxes:

- Corporate tax, etc.: Reduced or exempted tax amount for five years retroactive to the date on which the causes for additional collection were generated. However, in case where a foreign investor transfers stocks to a Korean national, etc., reduced or exempted tax amount for three years;
- Customs: Reduced or exempted tax amount for three years retroactive to the date on which the causes for additional collection were generated;
- Local taxes including acquisition tax, etc.: Reduced or exempted tax amount equivalent to reduced or exempted ratio for five years from the date on which the causes for additional collection were generated.

Exception of additional collection of taxes:

- Where the registration of an FDI company is revoked due to a dissolution through a merger;
- Where any capital goods that have been imported with their customs duties, etc., exempted become unusable for their original purposes due to a natural disaster, etc., and are used for other purposes than the original ones or disposed of under approval by the Minister of Strategy and Finance;
- Where an FDI company transfers the stocks, etc., to a national or a corporation of the Republic of Korea in order to make itself publicly held under the Securities and Exchange Act;
- Where another purpose of tax reduction or exemption has been achieved.

※ Reduction or Exemption from Tax on Technical License Royalties (Article 121-6 of the Restriction of Special Taxation Act has been deleted on January 1, 2010)

※ The list of businesses requiring high technology: The MOSF homepage (www.mosf.go.kr → Laws → Laws → Notice → (FDI-related tax reduction/exemption regulations, Schedule-1) → (MOSF Notice No. 2008-10)
2. **Lease and Rent Incentives on State and Public Properties**

*(1) Lease and Rent Reduction or Exemption of State Properties (Article 13 of the FIPA and Article 19 of the Enforcement Decree of the FIPA)*

- **Rental period and rent**
  - Rental period may be up to 50 years
    - Rental period can be extended within the 50-year period
  - The rent for the land, etc., shall be the amount derived from the multiplication of the value of the land, etc. under consideration by the rate of 10/1000 or more.

- **Reduction or exemption on rent**
  - Subject of reduction or exemption on rent: FIZs (individual, complex), lands in national, regional, city high tech industrial, and agro-industrial complexes pursuant to the Industrial Sites and Development Act.
  - Criteria and ratio:
    - 100% exemption: FDI companies located in individual FIZs, FDI companies located in FIZ complexes that operate high-tech business with US$ 1 million or more of FDI, and businesses in “complex type” FIZs specializing in components and materials and investing not less than US$ 5 million.
    - 75% reduction: Manufacturing companies located in FIZ complexes with US$ 5 million or more of FDI, and companies which contribute to the expansion of social overhead capital, restructuring of industrial structure, financial independence of local administrative units, etc.
    - 50% reduction: Lands in national, regional, city high-tech industrial, and agro-industrial complexes.

*(2) Lease and Rent Reduction or Exemption of Public Properties (Article 13 of the FIPA and Article 19 of the Enforcement Decree of the FIPA)*

- **Rental period**
  - Rental period may be up to 50 years (same as state properties).

- **Subject and ratio**
  - Businesses eligible for rent reduction/exemption for public properties, the reduction or exemption ratio, etc., shall be provided by Municipal Ordinances of local administrative units.
(3) Application and Procedure for Sale, Lease and Rent Reduction of State and Public Properties (Article 13 of the FIPA and Article 19 of the Enforcement Decree of the FIPA)

- Sale and lease process
  - Land, factories, and other state and public properties owned by the state or local administrative units may be leased to, sold to or used by FDI companies through free contract.
  - The rental period can be extended up to 50 years, and the FDI company may construct a factory, etc., on the leased land on condition that the factory, etc., in question be given free of charge to the state or local administrative units, or be recovered to its original state at the time of the completion of the rental period of the land.
  - In cases where an FDI company is acknowledged to have difficulty in making a lump-sum payment of the purchase price, the payment may be deferred or made in installments (at an interest rate of around 4\%):
    - State properties: The payment may be deferred within a one-year period or made in installments within a 20-year period.
    - Public properties: The payment may be deferred or made in installments pursuant to a Municipal Ordinance.

### Procedures for Rent Reduction

- For state properties
  - Application for rent reduction/exemption (FDI companies) → State Property Management Office (verify the eligibility) → Decision on rent reduction/exemption

  ※ Documentation required:
    - Copy of documents verifying that the applicant is the operator of the facility, or the business is eligible for the rent reduction or exemption;
    - Copy of rental contract of land, etc.
  ※ The rent reduction/exemption shall be applied from the month following the month in which the decision was made.

- For public properties:
  - Application for rent reduction/exemption (FDI companies) → The head of local administrative unit (verify the eligibility) → Decision on rent reduction/exemption
3. Customs Support

(1) Reduction or Exemption from Customs Duties (Article 121-3 of the Restriction of Special Taxation Act)

- Tax items for tax exemption: Customs duties, individual consumption tax and value-added tax.

- Subjects of exemption

  - Capital goods needed for the use of the businesses that are subjects to reduction or exemption from corporate tax or acquisition tax and imported in compliance with their contents as reported, such as subscription of new stocks, etc.:
    - Capital goods that an FDI company brings in as a foreign or domestic means of payment obtained from a foreign investor as equity investment;
    - Capital goods that a foreign investor brings in as objects for investment.

  ※ Not applicable to an FDI made through the acquisition of existing stocks.

  ※ Capital goods are 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 the test operation of the facilities, freight and insurance premium costs for the transportation of such materials, technology utilized in the installation of related facilities, or services engaging in consultation with respect to the import of such materials deemed necessary by the competent minister.

- Period (Article 116-5 of the Enforcement Decree of the Restriction of Special Taxation Act)

  - An import declaration under the Customs Act shall be completed within five years from the date on which an FDI notification is made. (The aforesaid period may be extended for another year if the investor obtains the approval of the Minister of Strategy and Finance by submitting an application before the end of the prescribed period in connection with the inability to complete the import declaration within the prescribed period due to other unavoidable causes, including a delay in the approval of factory installation.).

- Place for application

  - Application shall be made to the head of the customs office for import declaration.

- Documentation required (one copy each)

  - Application form for the customs exemption, etc.;
  - Copy of documents verifying that the company is eligible for corporate tax reduction or exemption, etc. (official documents of decision on tax reduction or exemption);
○ Copy of documents verifying that capital goods are imported as the objects of investment (certificate of FDI notification);
○ Copy of the confirmation on written specification of items to be introduced, including capital goods.

(2) Special Cases of Import Customs Clearance

■ Written specification of capital goods to be introduced

○ Capital goods subject to exemption from customs duties, etc., and introduced into Korea by a foreign investor as the object of his/her investment or an FDI company as a foreign or domestic means of payment obtained from a foreign investor as equity investment.

■ Confirmation of written specification of capital goods to be introduced (Article 29 of the FIPA, Article 38.(2) of the Enforcement Decree of the FIPA, and Article 23 of the Enforcement Regulations of the FIPA)

○ A person who intends to introduce capital goods listed above shall draw up a written specification of the items to be introduced, including the quantity, standard size, price, and manufacturer of the capital goods to be introduced, and apply for their examination and confirmation by a foreign exchange bank or KOTRA (Invest KOREA) before shipment.

- When applying, the documentation verifying the value of the capital goods, such as the certificates of sale of goods, shall be submitted.
※ Customs clearance procedures

○ Documentation required:
- Application form for exemption of customs duties, etc.
- Documents verifying the business’s status as a business eligible for tax reduction/exemption.
- Documentation verifying that capital goods are introduced as a foreign or domestic means of payment obtained from a foreign investor as equity investment or as objects for investment;
- Certificate of confirmation on written specification of the items to be introduced;
- Other documentation basically required for customs clearance (invoice, B/L, value declaration form, etc.)

※ Even though the imported capital goods are eligible for customs reduction or exemption, applications and relevant documents shall be submitted before the import declaration is accepted in order to be granted the customs reduction or exemption.

※ With respect to the import of capital goods as the subject-matter of investment, business registration shall be made before carrying in the capital goods in order to receive a value-added tax deduction.
(3) Special Cases Concerning the Investment of Capital Goods

- **Confirmation of completion of FDI in-kind (Article 30.(3) of the FIPA, Article 39 of the Enforcement Decree of the FIPA, and Article 24 of the Enforcement Regulations of the FIPA)**
  - With respect to capital goods (FDI in-kind) imported as the object of investment, foreign investors should apply for confirmation of the completion of FDI in-kind after customs clearance. Applications for confirmation of the completion of FDI in-kind may be submitted to Invest KOREA (A seconded officer from the Korea Customs Service will process the application).
  - Where a foreign investor makes an investment in-kind with the capital goods, a written confirmation of the completion of the investment in-kind for which the Administrator of the Korea Customs Service has confirmed the implementation of the investment in-kind and the type, volume, and price of the objects of the investment in-kind shall be regarded as a written report of investigation by an investigator as prescribed by the provisions of Article 80 of the Commercial Registration Act, notwithstanding the provisions of Article 299 of the Commercial Act.
  - Application for a certificate of confirmation of the completion of an FDI in-kind shall be made when the last shipment of the capital goods passes through customs, in cases where there are several shipments of the capital goods.

- **Notice of confirmation of the completion of FDI in-kind (Article 39 of the Enforcement Decree of the FIPA)**
  - Where the Commissioner of the Korea Customs Service has confirmed the completion of the investment in-kind, he shall, without delay, notify this to the President of the Bank of Korea.

- **Registration of capital and FDI company registration (Article 21 of the FIPA, and Article 27 of the Enforcement Decree of the FIPA)**
  - If the introduction of capital goods as objects of investment is completed, the FDI company concerned shall register the capital or the corporation at the competent court and apply for an FDI notification at a foreign exchange bank or KOTRA (Invest KOREA).

(4) Follow-Up Management of Capital Goods

- **Restrictions on disposal of capital goods (Article 22 of the FIPA, and Article 29 of the Enforcement Decree of the FIPA)**
  - Where a foreign investor or an FDI company intends to convey, lend or use capital goods which are introduced into Korea with their customs duties, etc. exempted for purposes other than those reported, he/she/it shall report this in advance to a foreign exchange bank or KOTRA (Invest KOREA) and receive the certificate of completion of report without delay.
However, in cases where the capital goods which had been introduced into Korea with their customs duties exempted were disposed of or used after the expiration of five years from the day of the receipt of the importation report, the restriction shall not be applied.

- A person who has not reported on the disposal of capital goods shall be sentenced to imprisonment for up to five years or to a fine not exceeding KRW 50 million. (Article 33 of the FIPA)

**Additional collection of reduced or exempted customs (Article 121-5 of the Restrictions of Special Taxation Act and 116-8 of the Enforcement Decree of the Restriction of Special Taxation Act)**

- In cases where an FDI company registration is revoked or an FDI company closes down its business, the reduced or exempted tax amount within three years (five years for the special consumption tax and value-added tax) from the date of revocation or closedown shall be additionally collected;
- In cases where the capital goods disposed of or used for other purposes than the declared purpose, the reduced or exempted tax amount for the capital goods used for other purposes within three years (five years for the special consumption tax and value-added tax) from the date of accepting an import declaration under the Customs Act shall be additionally collected;
- In cases where a foreign investor transfers the stocks, etc., which he/she owns under the FIPA to a national or a corporation of the Republic of Korea within three years from the date of reduction or exemption, the reduced or exempted tax for the capital goods shall be additionally collected;
- In cases where the value of the capital goods has reduced due to deterioration, damage, or use, customs corresponding to the reduced value may be reduced when calculating the amount of additional tax.

**Exemption of additional tax collection (Article 121-5.(5) of the Restriction of Special Taxation Act and Article 116-10 of the Enforcement Decree of the Restriction of Special Taxation Act)**

- In cases where an FDI company registration is revoked as the company is dissolved by a merger;
- In cases where capital goods that have been imported with their customs duties, etc., exempted and been used therefrom become unusable for their original purposes due to a natural disaster or other unavoidable causes, or depreciation, technological advancement, and other fluctuations in economic conditions, and are used for other purposes than the original ones or disposed of under an approval of the Minister of Strategy and Finance;
- In cases where an FDI company transfers the stocks, etc., to a national or a corporation of the Republic of Korea in order to make itself public pursuant to the Financial Investment Services and Capital Markets Act;
- In cases where it is prescribed by the Enforcement Decree in terms of cases where the purpose of tax reduction or exemption has been achieved.
3. Support For FDI

4. Cash Grants (Article 14-2 of the FIPA)

When any foreign national makes a foreign investment (with 30% or more of an FDI -Article 3 of the Regulations on the Operation of Cash Grant System), the State and local administrative units may furnish the foreign national with cash funding required for the purposes, including the construction of new factories, which are prescribed by the Enforcement Decree. Such support should, however, take into account whether the relevant foreign investment is accompanied by high technology; the effect of the technology transfer; the size of job creation; whether the foreign investment overlaps with any domestic investment; the propriety of the location in which the foreign investment is made, etc.

(1) Criteria (Article 14-2 of the FIPA)

- Where foreign investment is used for newly installing or expanding factory facilities (referring to the workplace in the case of other businesses than the manufacturing business) in order to run the business provided for in Article 121-2.(1).1 of the Restriction of Special Taxation Act. (Valid between October 6, 2010 and December 31, 2012).

- Where foreign investment is used for newly installing or expanding factory facilities in order to produce parts and materials that are provided for in subparagraph 1 of Article 2 and Addendum 1 of the Act on Special Measures for the Promotion of Specialized Enterprises, etc., for Component and Material among parts and materials falling under any of the categories listed below (limited to the business types pursuant to Addendum 1 of the said Act) (Valid between October 6, 2010 and December 31, 2012):
  - Parts and materials that increase the added value of the final product;
  - Parts and materials that accompany high-tech or core high-tech and have technology spillover effects or create added value;
  - Parts and materials that constitute the basis of an industry or can be utilized in a multiple number of industries.

※Types of business pursuant to Addendum 1: Manufacture of textile; manufacture of pulp, paper and paper products; manufacture of chemicals and chemical products, manufacture of rubber and plastic products; manufacture of other non-metallic mineral products; manufacture of basic metal products; manufacture of fabricated metal products; manufacture of other machinery and equipment; manufacture of other electronic components, computer, radio, television, and communication equipment and apparatuses; manufacture of medical, precision and optical instruments, watches and clocks; manufacture of motor vehicles and trailers; manufacture of other transport equipments; manufacture of furniture; and other manufacturing.

- Where foreign investment is used to establish a new factory (or a business place for a business other than a manufacturer) or expand an existing factory as a business that creates jobs and whose number of employees exceeds what is stipulated by the relevant Presidential decree. (Valid between October 6, 2010 and December 31, 2012)

- Where there are 5 persons or more in regular employment as full-time researchers, consisting of persons with master's degrees or higher in the field related to a project pursuant to Article
121-2.(1).1 of the Restriction of Special Taxation Act, or consisting of persons with bachelors' or higher degrees related to the project having at least three years of experience in a research career, and meets any of the requirements falling under any of the items listed below (Valid between October 6, 2010 and December 31, 2012):

- Where a research facility is newly installed or expanded in order to conduct R&D activities for the business;
- Where the nonprofit corporation that has received contributions (non-profit Korean corporations in science and technology fields prescribed by the Enforcement Decree) newly installs or expands research facilities;
- Where the Foreign Investment Commission acknowledges the necessity of a cash grant:
  - Where a foreign company who owns businesses in three or more regions establishes its regional headquarters in Korea covering two or more regions;
  - Where conducting regional strategic industries which contribute to the development of regional economy pursuant to Article 2.4 of the Special Act on Balanced National Development.
- The amount of the cash grant shall be determined after negotiations with the relevant foreign investor and the deliberation of the Foreign Investment Commission.

※ Cash grants and financial supports (mainly, location support) are not provided together. The applicant may decide between the two.

Application and processing procedures of cash grants (Article 20-3 of the Enforcement Decree of the FIPA)

- A foreign national who intends to receive a cash grant from the State shall submit a written application for a cash grant with the attachment of a written investment plan comprising the following to the Minister of Knowledge Economy:
  - Total investment amount and contents thereof, size of employment, beneficial effects of the technology diffusion, and extent of the contribution to the local economy;
  - Other matters as determined by the Minister of Knowledge Economy.
- The Minister of Knowledge Economy shall consult with the Minister of Strategy and Finance on whether or not a cash grant is to be granted, and the amount to be granted, after completing negotiations with the foreign investor.
- The Minister of Knowledge Economy may pay a cash grant once within a year following the date on which the cash grant is decided, or in a maximum of 10 installments within a period of five years from such a decision.
- In cases where the Minister of Knowledge Economy pays a cash grant in installments, he/she may adjust the amount and time for payment of the cash grant paid in installments taking into account any changes in the investment plan and the actual results of the execution of the cash grant paid in installments.
III. Support For FDI

The matters necessary for cash grant, etc., except for the matters listed above shall be determined by the Minister of Knowledge Economy after a deliberation by the Commission.

(2) Use of Cash Grants (Article 20-2.(1) of the Enforcement Decree of the FIPA)

- Purchase cost or rent of the land for establishing a factory facility or research facility;
- Construction cost of a factory facility or research facility;
- Purchase cost of capital goods, and research equipment and materials to be used for the purpose of a project or research at a factory facility or research facility;
- Installation cost of infrastructure, such as electricity and communications facilities necessary for installing a factory facility or research facility;
- Grants for employment or educational training.

5. Others

(1) Special Cases for Stock Dividend and Appraisal of Industrial Property Rights

- Stock dividend (Article 30 of the FIPA)
  - Notwithstanding what is stipulated in the Commercial Act to the effect that a business’s stock dividend shall not exceed half of the total profit dividend amount, a foreign-invested business may provide a stock dividend in an amount equal to the total profit dividend amount.

- Appraisal of industrial property rights (Article 30 of the FIPA)
  - When the price of industrial property rights by means of an FDI investment is appraised by a technological appraisal institution designated by Article 4 of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Business, the appraisal is deemed to have been made by a certified appraiser under Article 299-2 of the Commercial Act.

(2) Designation/Operation of Project Managers (Article 21-2 of the Enforcement Decree of the FIPA)

- Purpose
  - The purpose of the designation of a project manager is to efficiently support the investment affairs of a foreign investor or an FDI company.

- Designation of a Project Manager
  - A person falling under any of the following categories can be designated as a project manager for
a foreign investor or an FDI company. In this case, the relevant foreign investor and FDI company will be notified of the designated project manager:

- An employee of KOTRA;
- A seconded official;
- A public official or employee of the central government, a local administrative unit, a government-invested institution or public institution pursuant to the Framework Act on the Management of Government-Invested Institutions related to foreign investment. In this case, he/she shall obtain approval of the head of the relevant agency, government or institution.

To be designated by KOTRA’s president

Role of the Project Manager

- Collection and offer of data or information, and assist in an interview at the request of a foreign investor or an FDI company;
- Providing opinions regarding support related to a foreign investment under Articles 9, 13, 14 and 14-2 of the FIPA;
- Assist in the affairs and vicarious execution of civil affairs related to a foreign investment under Articles 15 and 17 of the FIPA;
- Assist in the settling-in of executives, employees and their families pertaining to a foreign investor or an FDI company, such as housing rental and guidance regarding school admission;
- Other matters related to foreign investment.
1. Types and Designation of Foreign Investment Zones

- Overview
  - Foreign investment zones are zones designated to attract FDI, offering a variety of incentives.
  - Types: Complex-type, individual-type, R&D-type, and service type Foreign Investment Zones (FIZ)
    - Complex-type FIZ: Part of the national or regional industrial complexes allocated to be leased or sold to (mostly leased) small-and medium-sized foreign-invested businesses.
    - Individual-type FIZ: FIZs designated by business sector in a region in which a foreign investor wishes to invest in, taking into account the location, timing and incentives preferred by investors in order to attract large-scale investments.
    - R&D-type/Service-type FIZ: Allows buildings as well as land to be designated as FIZs. These types of FIZs will be introduced to facilitate FDI and create jobs.
  - Incentives
    - The central government and local authorities lease sites to foreign invested companies after a joint land purchase in order to reduce the rent burden.
    - FDI zones receive incentives such as reduction or exemption of tax and rent.

(1) FIZ Complex

- National and local industrial complexes that are leased or transferred exclusively to foreign-invested companies.
<table>
<thead>
<tr>
<th>Type</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>◦ Complex shall be developed for companies’ immediate occupation*&lt;br&gt;◦ Occupation needs of FDI companies shall be clearly presented (at least in the form of an MOU)</td>
</tr>
<tr>
<td>Expansion of existing zones</td>
<td>◦ An occupation contract of 3/4 or more of the designated zone area shall be concluded&lt;br&gt;◦ A complex subject to expansion shall be developed for companies’ immediate occupation&lt;br&gt;◦ Demands of FDI companies to move in shall be clearly presented (at least in the form of an MOU)</td>
</tr>
</tbody>
</table>

※ When a complex can be occupied, it means that the site is ready for factory construction.

※ When submitting a plan for the designation of a new foreign investment zone or the expansion of an existing one, a report on the performance in the existing areas and the expected effects of the expansion should be submitted.

### (2) Individual FIZ

◦ FIZs designated by business sector in a region in which a foreign investor who makes an investment (which meets certain criteria, such as investment scale and types of business) hopes to invest.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>&lt;US$ 30 million or more of FDI&gt; ◦ Installing a new factory facility to conduct business accompanying high-tech, manufacturing or industry-supporting business (notified by the Minister of Knowledge Economy).</td>
</tr>
<tr>
<td>Tourism</td>
<td>&lt;US$ 20 million or more of FDI&gt; ◦ Tourist hotel, floating tourist hotel, traditional hotel, special recreation service, resort complex and amusement facility businesses&lt;br&gt;◦ International conference facilities&lt;br&gt;◦ Industry-supporting businesses (exclusive of businesses notified by the Minister of Knowledge Economy)&lt;br&gt;※ Application can be made after the business approval pursuant to the Tourism Promotion Act</td>
</tr>
<tr>
<td>Logistics &amp; SOC</td>
<td>&lt;US$ 10 million or more of FDI&gt; ◦ Development and operation of combined cargo terminal businesses, and joint collection and delivery center businesses&lt;br&gt;◦ Harbor facility operating businesses and logistics businesses in port hinterland&lt;br&gt;◦ Airport facility operating businesses and logistics businesses in airport district&lt;br&gt;◦ Social infrastructure facility creating businesses (limited to revertible facilities) by implementing private investment project</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>&lt;US$ 2 million or more of FDI&gt; ◦ Installing new R&amp;D facility or expanding an existing one to conduct R&amp;D activities for industry-supporting businesses and businesses accompanying high-tech&lt;br&gt;– The regular employment of 10 or more full-time researchers with master’s or higher degrees having 3 years or more of research career experience</td>
</tr>
</tbody>
</table>

※ Industries notified by the Minister of Knowledge Economy: Logistics business pursuant to Addendum 1, Chapter 2, Article 11-4 of the Regulations on the Tax Reduction or exemption from Foreign Investment, etc. (Notification of Knowledge Economy No.2006-4) - stipulated by Article 22-2 of the Regulations on Foreign Investment and Technology Introduction.
IV. Foreign Investment Zones (FIZs)

※ In calculating the FDI ratio of a foreign corporation whose stocks or equity share are directly or indirectly owned by Korean nationals or corporations, the ratio calculated pursuant to Article 116-2.(11) and 116-2.(12) of the Enforcement Decree of the Restriction of Special Taxation Act is not included in the FDI ratio.

※ The zones are designated through the deliberations of the Foreign Investment Commission after a review of the investment feasibility and the expected effects of the designation.

(3) R&D-Type Foreign Investment Zones

◦ Foreign-invested businesses engaged in R&D appear to prefer occupying an existing building equipped with sufficient security measures and communication facilities rather than building a new facility.

◦ However, complex-type foreign investment zones only provide land situated within an industrial complex, making it difficult to attract R&D FDI companies.

◦ Thus, it is necessary to designate buildings both inside and outside industrial complexes complete with an R&D infrastructure as foreign investment zones if the building owners agree to lease them to foreign-invested businesses.

※ Efforts are made to give priority to areas equipped with a favorable R&D environment, such as R&D clusters, techno parks, and industrial complexes, when considering the designation. (Suitable areas are categorized by the Enforcement Decree.)

(4) Service-Type Foreign Investment Zones

◦ In connection with the effort to attract more foreign-invested businesses engaged in a service business with high added value, mayors of metropolitan governments or provincial governors have been allowed to give priority to foreign-invested businesses engaged in a service business with high added value, such as the financial business sector, in the lease and transfer of land.

◦ The aim of designating service-type foreign investment zones is to provide support for foreign-invested businesses that prefer urban areas as their business locations.

※ Detailed guidelines are being set up as of October 1, 2010.
Reference: A table for comparison between foreign investment zones

<table>
<thead>
<tr>
<th>Types</th>
<th>Legal Basis</th>
<th>Location</th>
<th>Eligible types of business</th>
<th>Occupancy Type</th>
<th>Designation within buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex-type</td>
<td>Article 18.(1).1 of the FIPA</td>
<td>Within an industrial complex</td>
<td>Mostly manufacturers</td>
<td>Multiple occupancy – Dedicated to foreign-invested businesses</td>
<td>X</td>
</tr>
<tr>
<td>Individual-type</td>
<td>Article 18.(1).2</td>
<td>In a location chosen by the company (Foreign investment zone = a newly developed business establishment)</td>
<td>A manufacturer (with FDI totaling $30 million or more) / A tourism business(with FDI totaling $20 million or more) / A logistic business with FDI totaling $10 million or more</td>
<td>Single occupancy – Dedicated to foreign-invested businesses</td>
<td>X</td>
</tr>
<tr>
<td>R&amp;D-type</td>
<td>Article 18.(1).3 (Newly inserted)</td>
<td>Within an area designated by the Enforcement Decree (e.g. within Daedeok Innopolis, a techno park, or an industrial complex)(An Enforcement Decree is being prepared.)</td>
<td>R&amp;D</td>
<td>Multiple occupancy – Dedicated to foreign-invested businesses</td>
<td>0</td>
</tr>
<tr>
<td>Service-type</td>
<td>Article 18.(1).4 (Newly inserted)</td>
<td>In a location preferred by the company.</td>
<td>A type of business set by the Enforcement Decree (e.g. cultural or financial business)</td>
<td>Multiple occupancy – Open to Korean businesses (within the percentage set by the Enforcement Decree)</td>
<td>0</td>
</tr>
</tbody>
</table>
## 2. Procedure for the Designation/Development of Foreign Investment Zones (Article 18 of the FIPA)

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confirmation of meeting the FIZ designation criteria</td>
</tr>
<tr>
<td></td>
<td><strong>Individual FIZ</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Manufacturing</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Tourism</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Distribution</strong></td>
</tr>
<tr>
<td></td>
<td><strong>R&amp;D</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2. Consultation on investment attraction/FIZ designation and devising a designation plan</strong></td>
</tr>
<tr>
<td></td>
<td>– Tax reduction/exemption: Granted through an application and decision process when certain requirements are met.</td>
</tr>
<tr>
<td></td>
<td>– Location &amp; financial support: Decided through negotiation.</td>
</tr>
<tr>
<td></td>
<td><strong>Individual FIZ</strong></td>
</tr>
<tr>
<td></td>
<td>– Investing company, the central and local administrative units make an agreement on providing incentives at the investment attraction phase.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>3. Request for a review of FIZ designation (Local administrative units → Ministry of Knowledge Economy)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>4. Presentation to the Foreign Investment Working Committee</strong></td>
</tr>
<tr>
<td></td>
<td>– Chairperson: Vice-Minister of Knowledge Economy</td>
</tr>
<tr>
<td></td>
<td>– Committee members: First-grade public official of the relevant ministry, Deputy-mayor or Vice-governor of the relevant city/province, head of Invest KOREA, Foreign Investment Ombudsman</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>5. Review of Foreign Investment Commission and notification of the decision (Foreign Investment Commission → Local administrative unit)</strong></td>
</tr>
<tr>
<td></td>
<td>– FIC: Supreme decision-making organization</td>
</tr>
<tr>
<td></td>
<td>– Chairperson: Minister of Knowledge Economy</td>
</tr>
<tr>
<td></td>
<td>– Committee members: Ministers of nine central ministries and the head of the relevant local administrative unit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>6. Designation/Notification of FIZ (head of the local administrative unit)</strong></td>
</tr>
<tr>
<td></td>
<td>– Title/location/size of FIZ</td>
</tr>
<tr>
<td></td>
<td>– Development plan, management plan, etc.</td>
</tr>
</tbody>
</table>
(1) Working-Level Consultation for Designation of a Foreign Investment Zone

- The decision on tax reduction/exemption is made through a given procedure following the application provided that (all) the requirements have been met. The decision on financial (including cash) support is made through negotiations in consideration of the relevant factors, such as the content of the investment plan and its reliability.
- The local administrative unit’s decision on incentives for a foreign investor should be finalized after checking the relevant budget.
- Negotiations on incentives, including the provision of support for site purchase, should precede the procedure for designation of a foreign investment zone.
- Once the negotiations on the designation of a foreign investment zone have been completed, the investor and the local administrative unit should draw up an agenda of items to be submitted to the Foreign Investment Committee for its deliberation after conducting a review of matters concerning the designation of a foreign investment zone.
  - Analysis of the expected economic effects of the investment and the feasibility thereof.

(2) Deliberation by the Foreign Investment Committee

- The local administrative unit should submit the plan for designation, along with the analysis materials concerning the expected effects of the investment and the feasibility thereof, to the Ministry of Knowledge Economy (MKE) for its deliberation of the designation of a foreign investment zone.
- The MKE should draw up a review report on the designation of a foreign investment zone based on the aforesaid materials and submit it, together with the agenda for deliberation submitted by the local administrative unit, to the Working-level FDI Committee and then to the Foreign Investment Committee.

(3) Announcement of the Designation

- Upon receipt of the result of the deliberation of the Foreign Investment Committee, the head of the local administrative unit should announce the designation of the foreign investment zone.
- Following the announcement of the designation of the foreign investment zone, the business in an individual-type foreign investment zone should submit an application for tax reduction/exemption to the MKE.

(4) Change in the Designation Plan

- A change in the plan for the designation of a foreign investment zone after deliberation by the Foreign Investment Committee should undergo pre-deliberation by the Foreign Investment
Committee. However, a change in the following may be made in consultation with the Minister of Knowledge Economy.

- The size of the land area of a foreign investment zone (within the extent of not more than 30%).
- The overall magnitude of a foreign investment zone (within the extent of not more than 30%).
- The number of people to be employed by a foreign-invested business.
- Major types of business to be attracted (Complex-type).
- The business plan (Individual-type).

(5) Ensuing Measures to be taken after the Designation

- The procedure for land purchase as part of the provision of support for businesses in the foreign investment zone and management of the foreign investment zone should be carried out.

(6) Procedure for Provision of Support for Businesses in the Foreign Investment Zone, including Land Purchase

- Site purchase after the designation
  - In the event of a complex-type foreign investment zone, an agreement should be made first between the local administrative unit and the central Government concerning how to share the burden of land purchase. Finally, a land purchase contract should be made.
  - In the event of an individual-type foreign investment zone, an agreement should be made between the foreign investor and the state (including the local administrative unit) concerning the provision of incentives from the stage of attracting investors.

- Sharing the expenses
  - The percentage of sharing the expenses for site purchase between the central Government and a local administrative unit follows what is stated in the following table. This may be subject to slight changes, depending on the prevalent situation, including the availability of the budget.

<The percentage of support from the national coffers for foreign investment zones>

<table>
<thead>
<tr>
<th>Region</th>
<th>In the Greater Seoul area</th>
<th>Outside the Greater Seoul area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of the national coffers</td>
<td>40%</td>
<td>75%</td>
</tr>
<tr>
<td>Share of the local administrative unit</td>
<td>60%</td>
<td>25%</td>
</tr>
</tbody>
</table>

※ The share from the national coffers is paid partially, following the signing of the land purchase contract, depending on the extent of foreign investors moving into the zone. This should be reflected in the site purchase contract (a contract for the sale of land in an industrial complex).
(7) Entrustment of the Management of Nationally/Municipally-Owned Property

◦ In the event of the lease of land in a foreign investment zone after purchasing it, it is necessary to entrust the relevant matters to a management institution under the State Properties Act and the Act on the Management of Public Properties and Articles.

◦ The institutions responsible for managing foreign investment zones include the Korea Industrial Complex Corp. (KICOX), the mayors of metropolitan governments, and provincial governors.

(8) Selection of a Management Institution and Entrustment of the Relevant Matters

◦ A management institution should carry out the business of management under the following three laws:
  − The Act (concerning the status of investment)
  − The Industrial Cluster Development and Factory Establishment Act (concerning the contract for moving into and registering a factory)
  − The State Properties Act and the Act on the Management of Public Properties and Articles (concerning the lease contract and management of rents)

(9) Public Notice of a Basic Management Plan

◦ In the case of a complex-type foreign investment zone, a basic management plan should be put on public notice, as follows, under Article 33 of the Industrial Cluster Development and Factory Establishment Act, for the efficient management of small- and medium-sized foreign-invested businesses in the zone.

  − In the case of a national industrial complex: Preparation of the notice by KICOX → Approval by MKE → Announcement by the Minister of Knowledge Economy - In the case of other zones: Preparation of the notice by the mayor of a metropolitan government/the provincial governor → Approval of MKE → Announcement by the mayor or the provincial governor

◦ Details of the Notice

  − Matters concerning the size of the land area of a complex-type foreign investment zone to be managed.
  − Matters concerning zoning.
  − Matters concerning the layout of factories according to business types.
  − Matters concerning types of businesses eligible to move in.
  − Qualification and priority for tenants.
  − Matters concerning restrictions on tenants.
  − Matters concerning exemption/reduction of rents.
The foregoing is based on the Foreign Investment Zone Operation Guidelines. Each foreign investment zone should set up a basic management plan based on the guidelines.

The Foreign Investment Zone Operation Guidelines are regulations on management that apply to foreign investment zones designated by local administrative units.

They should be reflected in the basic management plan set up under Article 33 of the Industrial Cluster Development and Factory Establishment Act.

Q: “Is it regarded as a matter of course to designate a foreign investment zone if there is a demand for it?”
⇒ Such a demand should be reliable. It should also be considered whether there are sufficient funds to cover the cost of site purchase after designation of a foreign investment zone. If sufficient funds are not available, even a reliable demand does not necessarily lead to the designation of a foreign investment zone.

Q: “Does satisfaction of the necessary conditions guarantee the designation of an individual-type foreign investment zone?”
⇒ The designation of an individual-type foreign investment zone is decided in consideration of the relevant factors, such as investment feasibility, balanced development between regions, efficient use of national land, and creation of jobs. This means that satisfaction of the necessary conditions does not guarantee the designation of an individual-type foreign investment zone.
3. **Status Quo of Designated Foreign Investment Zones**

(1) FIZ Complexes (16 complexes)

(As of Sep. 2009)

<table>
<thead>
<tr>
<th>Region</th>
<th>Date of designation</th>
<th>Area (1000 m²)</th>
<th>Leased area (1000 m²)</th>
<th>Occupancy ratio</th>
<th>Rent (Won/ m²-year)</th>
<th>No. of tenant companies</th>
<th>Employees</th>
<th>FDI (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheonan (Chungnam)</td>
<td>’94.10.13</td>
<td>491.4</td>
<td>491.4</td>
<td>100</td>
<td>2,400</td>
<td>43</td>
<td>3,782</td>
<td>285</td>
</tr>
<tr>
<td>Pyeongdong (Gwangju)</td>
<td>’94.10.13</td>
<td>959.2</td>
<td>905.4</td>
<td>94.4</td>
<td>756</td>
<td>57</td>
<td>2,114</td>
<td>68</td>
</tr>
<tr>
<td>Daebul (Jeonnam)</td>
<td>’98.08.29</td>
<td>1,614.40</td>
<td>1,601.70</td>
<td>99.2</td>
<td>396</td>
<td>43</td>
<td>905</td>
<td>83</td>
</tr>
<tr>
<td>Sacheon (Gyeongnam)</td>
<td>’01.08.17</td>
<td>495.9</td>
<td>283.5</td>
<td>57.2</td>
<td>1,248</td>
<td>12</td>
<td>402</td>
<td>76</td>
</tr>
<tr>
<td>Ochang (Chungbuk)</td>
<td>’02.11.06</td>
<td>446.3</td>
<td>313.9</td>
<td>70.3</td>
<td>1,560</td>
<td>7</td>
<td>1,193</td>
<td>117</td>
</tr>
<tr>
<td>Gumi (Gyeongbuk)</td>
<td>’02.11.06</td>
<td>329.4</td>
<td>132.6</td>
<td>40.3</td>
<td>1,092</td>
<td>6</td>
<td>998</td>
<td>52</td>
</tr>
<tr>
<td>Jangan-1 (Gyeonggi)</td>
<td>’04.09.30</td>
<td>418.2</td>
<td>310</td>
<td>74.1</td>
<td>2,040</td>
<td>12</td>
<td>1,016</td>
<td>238</td>
</tr>
<tr>
<td>Inju (Chungnam)</td>
<td>’04.12.21</td>
<td>164.7</td>
<td>126.9</td>
<td>77.1</td>
<td>1,356</td>
<td>5</td>
<td>128</td>
<td>212</td>
</tr>
<tr>
<td>Dangdong (Gyeonggi)</td>
<td>’05.09.12</td>
<td>239.4</td>
<td>56</td>
<td>23.4</td>
<td>4,584</td>
<td>4</td>
<td>132</td>
<td>29</td>
</tr>
<tr>
<td>Jisa (Busan)</td>
<td>’05.11.30</td>
<td>298.1</td>
<td>292.6</td>
<td>98.1</td>
<td>2,388</td>
<td>12</td>
<td>471</td>
<td>106</td>
</tr>
<tr>
<td>Jangan-2 (Gyeonggi)</td>
<td>’06.12.21</td>
<td>379.6</td>
<td>65.1</td>
<td>17.1</td>
<td>3,708</td>
<td>1</td>
<td>236</td>
<td>44</td>
</tr>
<tr>
<td>Osong (Chungbuk)</td>
<td>’07.07.31</td>
<td>301.8</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dalseong (Daegu)</td>
<td>’08.09.10</td>
<td>104.2</td>
<td>25</td>
<td>24</td>
<td>1,128</td>
<td>2</td>
<td>66</td>
<td>5</td>
</tr>
<tr>
<td>Gumi (Components)</td>
<td>’09.03.09</td>
<td>255.5</td>
<td>-</td>
<td>-</td>
<td>1,092</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pyeongtaek-Oseong</td>
<td>’09.09.03</td>
<td>362.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pohang (Components)</td>
<td>’09.09.03</td>
<td>327.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>7,187.60</td>
<td>4,604.10</td>
<td>73.8</td>
<td>-</td>
<td>204</td>
<td>11,398</td>
<td>1,296</td>
</tr>
</tbody>
</table>
### IV. Foreign Investment Zones (FIZs)

#### (2) Individual FIZ (36 FIZs)

<table>
<thead>
<tr>
<th>#</th>
<th>Company name</th>
<th>Location</th>
<th>Area (1,000m²)</th>
<th>First designated</th>
<th>Total investment amount (Unit: 100 Million won)</th>
<th>FDI amount (Unit: Million Dollars)</th>
<th>Number of employees</th>
<th>Line of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gyeongnam Taeyang Yujeon</td>
<td>Sacheon, Gyeongnam</td>
<td>171.6</td>
<td>'99.10.28</td>
<td>3,978</td>
<td>331</td>
<td>157</td>
<td>Ceramic condenser</td>
</tr>
<tr>
<td>2</td>
<td>Cheonan Animation Complex</td>
<td>Cheonan, Chungnam</td>
<td>493.3</td>
<td>'99.11.2</td>
<td>547</td>
<td>37</td>
<td>17</td>
<td>Animation</td>
</tr>
<tr>
<td>3</td>
<td>J.S.T.</td>
<td>Yangsan, Gyeongnam</td>
<td>20.2</td>
<td>'00.3.3</td>
<td>359</td>
<td>32</td>
<td>32</td>
<td>Electric/electronic parts</td>
</tr>
<tr>
<td>4</td>
<td>BASF</td>
<td>Yeosu, Jeonnam</td>
<td>671.2</td>
<td>'00.12.30</td>
<td>4,450</td>
<td>232</td>
<td>291</td>
<td>Petrochemical products</td>
</tr>
<tr>
<td>5</td>
<td>Korea Auto Glass</td>
<td>Yeongi, Chungnam</td>
<td>190.4</td>
<td>'00.12.30</td>
<td>1,000</td>
<td>40</td>
<td>34</td>
<td>Vehicle safety glass</td>
</tr>
<tr>
<td>6</td>
<td>Dongbu HiTek</td>
<td>Eumseong, Chungbuk</td>
<td>137.2</td>
<td>'01.6.29</td>
<td>16,883</td>
<td>150</td>
<td>150</td>
<td>Semiconductor foundry</td>
</tr>
<tr>
<td>7</td>
<td>Sumitomo Group</td>
<td>Yeongtak, Gyeonggi</td>
<td>252.3</td>
<td>'03.12.9</td>
<td>13,256</td>
<td>287</td>
<td>196</td>
<td>LCD color filters</td>
</tr>
<tr>
<td>8</td>
<td>S-LCD</td>
<td>Asan, Chungnam</td>
<td>192.6</td>
<td>'04.5.25</td>
<td>39,000</td>
<td>1,820</td>
<td>1,750</td>
<td>TFT-LCD</td>
</tr>
<tr>
<td>9</td>
<td>Asahi Glass</td>
<td>Gumi, Gyeongbuk</td>
<td>329.6</td>
<td>'04.12.21</td>
<td>2,420</td>
<td>212</td>
<td>362</td>
<td>LCD glass plate</td>
</tr>
<tr>
<td>10</td>
<td>MCC Logistics</td>
<td>Gwangjeon, Busan</td>
<td>67.8</td>
<td>'04.12.23</td>
<td>170</td>
<td>14</td>
<td>14</td>
<td>Logistics</td>
</tr>
<tr>
<td>11</td>
<td>AvarStrate</td>
<td>Yeongtak, Gyeonggi</td>
<td>86.7</td>
<td>'04.12.30</td>
<td>1,605</td>
<td>65</td>
<td>278</td>
<td>LCD glass plate</td>
</tr>
<tr>
<td>12</td>
<td>Hoya Electronics Korea</td>
<td>Yeongtak, Gyeonggi</td>
<td>18.6</td>
<td>'04.12.30</td>
<td>805</td>
<td>55</td>
<td>79</td>
<td>LCD Photo Masks</td>
</tr>
<tr>
<td>13</td>
<td>LINTEC Corporation</td>
<td>Cheongwon, Chungbuk</td>
<td>49.6</td>
<td>'04.12.31</td>
<td>390</td>
<td>39</td>
<td>42</td>
<td>Semiconductor processing materials</td>
</tr>
<tr>
<td>14</td>
<td>Air Liquide Korea</td>
<td>Yeosu, Jeonnam</td>
<td>15.2</td>
<td>'04.12.27</td>
<td>1,250</td>
<td>65</td>
<td>140</td>
<td>Industrial gas</td>
</tr>
<tr>
<td>15</td>
<td>Toray SAEHAN INC.</td>
<td>Gumi, Gyeongbuk</td>
<td>192.8</td>
<td>'04.12.27</td>
<td>3,310</td>
<td>100</td>
<td>55</td>
<td>LCD film</td>
</tr>
<tr>
<td>16</td>
<td>AGC Display</td>
<td>Cheongwon, Chungbuk</td>
<td>310.1</td>
<td>'05.5.27</td>
<td>3,286</td>
<td>329</td>
<td>154</td>
<td>LCD glass plate</td>
</tr>
<tr>
<td>17</td>
<td>Linde Korea</td>
<td>Yongin, Gyeonggi</td>
<td>24.4</td>
<td>'05.11.28</td>
<td>949</td>
<td>31</td>
<td>139</td>
<td>Industrial gas</td>
</tr>
<tr>
<td>18</td>
<td>Prax Air</td>
<td>Yongin, Gyeonggi</td>
<td>16.6</td>
<td>'05.11.28</td>
<td>2,212</td>
<td>31</td>
<td>37</td>
<td>Industrial gas</td>
</tr>
<tr>
<td>19</td>
<td>Times Aerospace Korea</td>
<td>Gimpo, Gyeonggi</td>
<td>336.8</td>
<td>'06.3.29</td>
<td>1,406</td>
<td>250</td>
<td>141</td>
<td>Helicopter performance improvement</td>
</tr>
<tr>
<td>20</td>
<td>Hanwook Techno Glass Co., LTD</td>
<td>Gumi, Gyeongbuk</td>
<td>105.8</td>
<td>'06.5.8</td>
<td>320</td>
<td>30</td>
<td>-</td>
<td>PDP glass plate</td>
</tr>
</tbody>
</table>

(As of Sep. 2009)
<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Area (1,000m²)</th>
<th>First designated on</th>
<th>Total investment amount (Unit: 100 Million won)</th>
<th>FDI amount (Unit: Million Dollars)</th>
<th>Planned</th>
<th>Actual</th>
<th>Number of employees</th>
<th>Line of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Products</td>
<td>Mipo, Ulsan</td>
<td>23.8</td>
<td>'06.12.21</td>
<td>560</td>
<td>56</td>
<td>56</td>
<td>40</td>
<td></td>
<td>Industrial gas</td>
</tr>
<tr>
<td>Lafarge Korea</td>
<td>Chungnam Dangjin</td>
<td>142.5</td>
<td>'06.12.21</td>
<td>300</td>
<td>30</td>
<td>30</td>
<td>62</td>
<td></td>
<td>Plaster boards</td>
</tr>
<tr>
<td>Asahi PD Glass Korea</td>
<td>Gyeongbuk Gumi</td>
<td>62.3</td>
<td>'06.12.21</td>
<td>360</td>
<td>46</td>
<td>48</td>
<td>90</td>
<td></td>
<td>PDP glass plate</td>
</tr>
<tr>
<td>Daesan MMA</td>
<td>Seosan, Chungnam</td>
<td>63.0</td>
<td>'07.4.23</td>
<td>1,532</td>
<td>37</td>
<td>37</td>
<td>53</td>
<td></td>
<td>PMMA, artificial marble</td>
</tr>
<tr>
<td>Stanford Hotel</td>
<td>Mapo, Seoul</td>
<td>3.4</td>
<td>'07.4.23</td>
<td>420</td>
<td>20</td>
<td>9</td>
<td>1</td>
<td></td>
<td>Hotel</td>
</tr>
<tr>
<td>Isang Yeosu Ocean Resort</td>
<td>Yeosu, Jeonnam</td>
<td>116.4</td>
<td>'07.7.31</td>
<td>3,353</td>
<td>198</td>
<td>190</td>
<td>231</td>
<td></td>
<td>Hotel, resort</td>
</tr>
<tr>
<td>Horizon Taeyoung Korea Terminals Ltd.</td>
<td>Onsan, Ulsan</td>
<td>43.3</td>
<td>'07.11.30</td>
<td>731</td>
<td>15</td>
<td>13</td>
<td>8</td>
<td></td>
<td>Port logistics facilities</td>
</tr>
<tr>
<td>3M Korea</td>
<td>Naju, Jeonnam</td>
<td>5.5</td>
<td>'07.12.27</td>
<td>500</td>
<td>55</td>
<td>-</td>
<td>-</td>
<td>Minute glass beads</td>
<td></td>
</tr>
<tr>
<td>Tonen Specialty Separator Korea</td>
<td>Gumi, Gyeongbuk</td>
<td>229.0</td>
<td>'08.3.31</td>
<td>2,500</td>
<td>250</td>
<td>21</td>
<td>-</td>
<td>Secondary cell separation membrane</td>
<td></td>
</tr>
<tr>
<td>Solar World</td>
<td>Wanju, Jeonbuk</td>
<td>69.3</td>
<td>'08.7.25</td>
<td>124</td>
<td>30</td>
<td>10</td>
<td>69</td>
<td>Photovoltaic module</td>
<td></td>
</tr>
<tr>
<td>Tagaz Korea</td>
<td>Boyeong, Chungnam</td>
<td>387.8</td>
<td>'08.7.30</td>
<td>6,500</td>
<td>65</td>
<td>30</td>
<td>-</td>
<td>Car parts</td>
<td></td>
</tr>
<tr>
<td>Prax Air Korea</td>
<td>Asan, Chungnam</td>
<td>15.8</td>
<td>'08.7.30</td>
<td>477</td>
<td>30</td>
<td>5</td>
<td>11</td>
<td>Industrial gas</td>
<td></td>
</tr>
<tr>
<td>Power Carbon</td>
<td>Gumi, Gyeongbuk</td>
<td>74.6</td>
<td>'08.12.18</td>
<td>890</td>
<td>31</td>
<td>-</td>
<td>-</td>
<td>Carbon materials for EDLC</td>
<td></td>
</tr>
<tr>
<td>Danone Korea</td>
<td>Muje, Jeonbuk</td>
<td>12.0</td>
<td>'09.2.27</td>
<td>609</td>
<td>32</td>
<td>-</td>
<td>6</td>
<td>Fermented milk</td>
<td></td>
</tr>
<tr>
<td>Eastman</td>
<td>Mipo, Ulsan</td>
<td>37.6</td>
<td>'09.9.3</td>
<td>1,221</td>
<td>82</td>
<td>49</td>
<td>-</td>
<td>Acetate tow products</td>
<td></td>
</tr>
<tr>
<td>Yerae Resort Complex</td>
<td>Seogwipo, Jeju</td>
<td>433.3</td>
<td></td>
<td>22,849</td>
<td>479</td>
<td>24</td>
<td>5</td>
<td>Resort business</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>4,933.5</td>
<td></td>
<td>116,742</td>
<td>5,048</td>
<td>4,517</td>
<td>11,810</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Note) Actual FDI figures as of December 2008
IV. Foreign Investment Zones (FIZs)

4. Support for FDI Companies in Foreign Investment Zones

(1) Major Support Provided

<table>
<thead>
<tr>
<th>Section</th>
<th>Complex-type foreign investment zone</th>
<th>Individual-type foreign investment zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of designation</td>
<td>⊕ Article 18.(1).1 of the FIPA</td>
<td>⊕ Article 18.(1).2 of the FIPA</td>
</tr>
<tr>
<td>Summary</td>
<td>⊕ Designation of a given area in advance for the attraction of small-sized foreign-invested businesses (1994–)</td>
<td>⊕ Designation based on applications submitted by large-scale investors (1997–)</td>
</tr>
<tr>
<td>Location</td>
<td>⊕ Within an industrial complex</td>
<td>⊕ No particular restrictions</td>
</tr>
<tr>
<td>Requirement for designation</td>
<td>⊕ FDI equity exceeding 30%</td>
<td>⊕ Exceeding the minimum amount set for each type of business (manufacturer: $30 million / tourism business: $20 million / logistics business: $10 million)</td>
</tr>
<tr>
<td>Current status of operation (as of December 2009)</td>
<td>⊕ 16 complexes</td>
<td>⊕ 36 areas</td>
</tr>
<tr>
<td>Locational support</td>
<td>⊕ The Government’s purchase of land and lease thereof to businesses</td>
<td>⊕ Support of expense for land purchase (upon request)</td>
</tr>
<tr>
<td></td>
<td>– Support from the central Government: 40% in the Greater Seoul area, 75% in all other areas</td>
<td>– Support from the central Government: 40% in the Greater Seoul area, 75% in all other areas</td>
</tr>
<tr>
<td>Benefits</td>
<td>⊕ Eligibility for tax exemption/reduction</td>
<td>⊕ No particular eligibility for tax exemption/reduction</td>
</tr>
<tr>
<td></td>
<td>– A manufacturer whose FDI amount exceeds $10 million</td>
<td>⊕ Period for tax reduction/exemption</td>
</tr>
<tr>
<td></td>
<td>– A logistics business whose FDI amount exceeds $5 million</td>
<td>– National tax: Exemption in the first 5 years, followed by a 50% reduction for the next 2 years</td>
</tr>
<tr>
<td></td>
<td>⊕ Period for tax reduction/exemption</td>
<td>– Local tax: Up to 15 years</td>
</tr>
<tr>
<td></td>
<td>– National tax: Exemption in the first 3 years, followed by a 50% reduction for the next 2 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Local tax: Up to 15 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>⊕ 75–100% rent exemption/reduction (If necessary, the central Government or the local administrative unit may purchase land and lease it.)</td>
<td>⊕ 100% rent exemption/reduction (If necessary, the central Government or the local administrative unit may purchase land and lease it.)</td>
</tr>
</tbody>
</table>

Payment of subsidies by the local administrative unit

- **(iv) Subsidy for employee education/training**
  - For a business hiring 20 or more new employees: 100,000–500,000 won/per person up to 6 months

- **(v) Employment subsidy**
  - For a business hiring 20 or more new employees: 100,000–500,000 won/per person up to 6 months

Note) The details may change, depending on the relevant local administrative unit’s financial situation.
## (2) Procedure for Moving In

<table>
<thead>
<tr>
<th>Consultation on site location and investment</th>
<th>Signing of MOU</th>
<th>Recommendation for foreign-invested businesses’ moving in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant institutions ↔ Investor</td>
<td>Relevant mayor of metropolis or governor ↔ Investor</td>
<td>Relevant mayor of metropolis or governor ↔ KICOX</td>
</tr>
<tr>
<td>Time actually taken</td>
<td>Time actually taken</td>
<td>Signing of MOU and the contract for moving in</td>
</tr>
<tr>
<td>Provision of information on foreign investment zones</td>
<td>Signing of MOU on investment</td>
<td>– Head of the relevant administrative unit submits recommendation to KICOX after signing MOU with a qualified foreign-invested business.</td>
</tr>
<tr>
<td>Provision of information such as fund needs, tax, and special levies</td>
<td>Basis of the signing of MOU: the Foreign Investment Zone Management Basic Plan [announced by the MOCIE (now MKE)]</td>
<td></td>
</tr>
<tr>
<td>Consultation on qualification for moving in, type of business, investment amount/schedule</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Application for moving in</th>
<th>Review of application and notice of the result</th>
<th>Signing of the contract for moving in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing business ↔ KICOX</td>
<td>KICOX ↔ Investing business</td>
<td>KICOX ↔ Investing business</td>
</tr>
<tr>
<td>Within 7 days</td>
<td>Within 15 days</td>
<td>Within the day</td>
</tr>
<tr>
<td>– Application for moving in, having a 3-year investment plan attached</td>
<td>– Checking of type of business and building space</td>
<td>– Signing of the contract for moving in, containing building space, content of investment and matters to be observed</td>
</tr>
<tr>
<td></td>
<td>– Review of the 3-year investment plan</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Request for land use permit</th>
<th>Application for rent reduction/exemption (if applicable)</th>
<th>Building permit application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing business ↔ KICOX</td>
<td>Investing business ↔ KICOX</td>
<td>Investing business ↔ The relevant local administrative unit</td>
</tr>
<tr>
<td>Within the day</td>
<td>Within 21 days</td>
<td>Within 14 days</td>
</tr>
<tr>
<td>– Land owner’s land use permit for construction of a factory</td>
<td>– Eligibility for reduction/exemption as a business in a foreign investment zone under the FIPA and the Restriction of Special Taxation Act</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issuance of building permit</th>
<th>Commencement of construction after submitting work commencement report</th>
<th>Application for building use permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant local administrative unit ↔ KICOX</td>
<td>Investing business ↔ KICOX</td>
<td>Investing business ↔ The relevant local administrative unit</td>
</tr>
<tr>
<td>Within 14 days</td>
<td>Time actually taken</td>
<td>Within 7 days following the work completion</td>
</tr>
<tr>
<td>– Land owner’s land use permit for construction of a factory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issuance of building use permit</th>
<th>Report on completion of factory establishment</th>
<th>Factory registration and notice on content</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant local administrative unit ↔ Investing business</td>
<td>Investing business ↔ KICOX</td>
<td>KICOX ↔ Investing business</td>
</tr>
<tr>
<td>Within 7 days of the submission of application</td>
<td>Within 2 months of installation of machines/device</td>
<td>Within 3 days</td>
</tr>
<tr>
<td>– Notice of content to be registered after on-site check</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Time actually taken**
- Signing of MOU and the contract for moving in: Within the day
- Land owner’s land use permit for construction of a factory: Within 21 days
- Issuance of building permit: Within 7 days following the work completion
- Report on completion of factory establishment: Within 3 days
IV. Foreign Investment Zones (FIZs)

Reference: Comparison between Major Systems for Foreign Investment (as of March 2, 2010)

<table>
<thead>
<tr>
<th>Section</th>
<th>Foreign investment zone (FIZ)</th>
<th>Free trade zone (FTZ)</th>
<th>Free Economic Zone (FEZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FIZ complex</td>
<td>Individual FIZ</td>
<td>Industrial complex</td>
</tr>
<tr>
<td>Legal ground</td>
<td>FIPA</td>
<td>The Act on Designation and Management of Free Trade Zones</td>
<td>The Special Act on Designation and Management of Free Economic Zones</td>
</tr>
<tr>
<td>Purpose</td>
<td>Foreign capital attraction, transfer of high technology, job creation</td>
<td>Foreign capital attraction, trade promotion, regional development</td>
<td>Foreign capital attraction, development of international logistical center</td>
</tr>
<tr>
<td>Location</td>
<td>Within an industrial complex</td>
<td>An industrial complex or areas near harbors/airports</td>
<td>Airports/ Harbors logistical complex, or cargo terminals</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Leased land in principle</td>
<td>A non-tariff zone</td>
<td></td>
</tr>
<tr>
<td>Appointer</td>
<td>Plan established by relevant mayor of metropolis or governor → Consultation with Foreign Investment Commission</td>
<td>Minister of Knowledge Economy</td>
<td>Minister of Strategy and Finance → Minister of Knowledge Economy (Mar. 08)</td>
</tr>
<tr>
<td>Qualification</td>
<td>Foreign investor’s equity: 30% ↑ Manufacturer, logistical business, etc. - On the condition of investment of amount at least twice the price of the leased land within 5 years of the contract</td>
<td>Condition for foreign-invested business &amp; FDI - Manufacturer: $30 million ↑ Tourism business: $20 million ↑ Logistical business: $10 million ↑ R&amp;D: $2 million ↑ At least 10 researchers holding master’s degree with 3 years of experience</td>
<td>Domestic or foreign export business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Foreign-invested business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale export business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Logistics-related business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requisites for the tax reduction/exemption</td>
<td>Manufacturer: $10 million ↑ Logistical business: $5 million ↑</td>
<td>Same as above-said conditions</td>
<td>Same as complex-type foreign investment zone (Article 121 of the Restriction of Special Taxation Act)</td>
</tr>
<tr>
<td></td>
<td>Corporate tax, income tax: Up to 5 years Local tax: Up to 15 years</td>
<td>Corporate tax, income tax: Up to 7 years Local tax: Up to 15 years</td>
<td>Corporate tax, income tax: Up to 5 years (100% in the first 3 years and then 50% in the next 2 years) Local tax: To be fixed by municipal ordinance for up to 15 years</td>
</tr>
</tbody>
</table>

20 million pyeong (16,340 acres) - 60 million pyeong (49,020 acres)
<table>
<thead>
<tr>
<th>Section</th>
<th>Foreign investment zone (FIZ)</th>
<th>Free trade zone (FTZ)</th>
<th>Free Economic Zone (FEZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FIZ complex</td>
<td>Individual FIZ</td>
<td>Industrial complex</td>
</tr>
<tr>
<td>Tax reduction/exemption period</td>
<td>- Corporate tax, income tax: Up to 7 years (100% in the first 5 years and then 50% in the next 2 years) in the event of a business providing support for other industries or involving high technology, regardless of region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imposition of customs</td>
<td>- Capital goods: Exempted for 3 years</td>
<td>- Customs duty: Withheld</td>
<td>- Capital goods: Exempted for 3 years</td>
</tr>
<tr>
<td>Rent</td>
<td>- A 1 percent level of land price (stated in the basic management plan)</td>
<td>- Exemption in the event of nationally/municipally owned land</td>
<td>- A 1 percent level of land price (to be fixed by the party in charge of management after consultation with the MOSF)</td>
</tr>
<tr>
<td>Rent reduction/exemption</td>
<td>- high technology &amp; $1 million ↑ : 100%</td>
<td>- Exemption in the event of nationally/municipally owned land</td>
<td>- A foreign invested business investing more than $10 million/a business with FDI ratio exceeding 30% and investing more than $1 million/a business with high technology and investing more than $500,000: Eligible for exemption of rent</td>
</tr>
<tr>
<td>Allotment ratio for support</td>
<td>- For the Greater Seoul area: 40% from national treasury</td>
<td>- The ratio of financial support sharing: to be fixed at the stage of designation</td>
<td>- The ratio not fixed yet</td>
</tr>
<tr>
<td>Etc.</td>
<td>- Measure for integration (December 31, 2004) Amendment to the FIPA Prior to the said measure, a complex-type was a foreign investment complex under the Industrial Cluster Development and Factory Establishment Act.</td>
<td>- Measure for integration (June 23, 2004) Amendment to the Act on Designation and Management of Free Trade Zones (March 22, 2004)</td>
<td>- Three areas additionally designated (May 6, 2008)</td>
</tr>
<tr>
<td></td>
<td>Individual-type (36): S-LCD, Asahi Glass, etc</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### KOTRA ICC

<table>
<thead>
<tr>
<th>Areas of support</th>
<th>Details</th>
<th>Phone Nos.</th>
</tr>
</thead>
</table>
| **Investment consulting** | - Initial consulting: General consulting on the country’s foreign investment system, such as investment procedure, requirements and incentives  
- Specialized consulting by sector: In-depth consulting concerning tax, laws, etc  
- After ICC-provided consulting, investors are introduced to law/accounting firms for free/fee-based consulting. | Tax: 02-3497-1961  
Laws: 02-3497-1962  
Accounting: 02-3497-1963 |
| **Administrative support service** | - MKE (Invest KOREA)  
  - Report on FDI (including consulting) or registration of a foreign-invested business (including change in registration)  
  - Application for review of the list of imported capital goods  
- National Tax Service  
  - Consulting about tax reduction/exemption system, business registration  
- National Customs Service  
  - Issuance of letter of confirmation of completion of in-kind investment, consulting about customs duties  
- Supreme Court  
  - Application for registration of establishment of foreign-invested business  
- Ministry of Justice  
  - Issuance of corporate investment visa (D-8), and granting stay permit for accompanying family members (F-3), maid (F-1) and change in stay permit status  
  - Alien registration, report on a change in place of stay  
- Ministry of Employment and Labor  
  - Consulting about personnel or labor affairs concerning foreign-invested businesses  
- KICOX  
  - Matters concerning site locations of foreign-invested businesses | – MKE (Invest KOREA)  
02-3497-1965-6  
– National Tax Service officer: 02-3497-1059  
– National Customs Service officer: 02-3497-1061  
– Court officer: 02-3497-1057  
– Justice Minister officer: 02-3497-1062-4  
– Labor Ministry officer: 02-3497-1968, 02-3497-1969  
KICOX officer: 02-3497-1964 |
| **Settlement service** | - Provision of information on everyday life, including house, education, medical service, driver’s licence  
- Reservation service for hospital, restaurant or art performance  
- Secretarial services: ICC-provided consultant accompanying you to help you carry out your business  
- Designation of a coordinator who will help you and your family members settle in Korea comfortably for a year.  
- Hotline  
  - For those who need help outside ICC work hours (6:00 PM~12:00 PM) (Please call 1600-7119.)  
  - English: 02-3497-1056  
  - Japanese: 02-3497-1055 | |
| **How to use ICC** | - For those who can visit the ICC office: Reservation is accepted.  
- Phone/fax consultation is available.  
- Online consultation: Please leave your question on the ICC homepage and you will have our reply within 48 hours. (www.investkorea.org.)  
- Consulting on video  
  - The service is available at the Seoul Global Center and Incheon FEZ.  
  - The service will be expanded nationwide gradually. | |
## Status of KOTRA’s 35 KBCs worldwide (as of October 2010)

<table>
<thead>
<tr>
<th>Functions</th>
<th>No.</th>
<th>Regional Headquarters</th>
<th>KBC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KBCs in core investing countries (those in countries investing not less than $100 million a year in Korea)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>North American Regional Headquarters</td>
<td>New York</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Silicon Valley</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Los Angeles</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Chicago</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Toronto</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Frankfurt</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Paris</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>London</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Asian/Oceania Regional Headquarters</td>
<td>Singapore</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>Japan Regional Headquarters</td>
<td>Tokyo</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>Osaka</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>China Regional Headquarters</td>
<td>Hong Kong</td>
</tr>
</tbody>
</table>

| **KBCs in leading investing countries (those in countries investing less than $100 million a year in Korea)** |     |                       |                            |
| 1         |     | Dallas                 |                            |
| 2         |     | Washington DC          |                            |
| 3         |     | Detroit                |                            |
| 4         |     | Vancouver              |                            |
| 5         |     | Hamburg                |                            |
| 6         |     | Munich                 |                            |
| 7         |     | Stockholm              |                            |
| 8         |     | Helsinki               |                            |
| 9         |     | Copenhagen             |                            |
| 10        |     | European Regional Headquarters | Madrid                  |
| 11        |     | Amsterdam              |                            |
| 12        |     | Brussels               |                            |
| 13        |     | Milan                  |                            |
| 14        |     | Zurich                 |                            |
| 15        |     | Vienna                 |                            |
| 16        |     | Sydney                 |                            |
| 17        |     | Asian/Oceania Regional Headquarters | Melbourne            |
| 18        |     | Japan Regional Headquarters | Fukuoka                |
| 19        |     | Nagoya                 |                            |
| 20        |     | Shanghai               |                            |
| 21        |     | China Regional Headquarters | Beijing                |
| 22        |     | Taipei                 |                            |
| 23        |     | Middle East/ African Regional Headquarters | Dubai                   |

*KBCs (Korea Business Centers): Previously KOTRA’s overseas centers*
### Institutions entrusted with the Business of Report on FDI and Post-Facto Management (Article 15 of the FIPA)

#### A. KOTRA

#### B. Korean Exchange Bank (KEB)

<table>
<thead>
<tr>
<th>1. Domestic banks</th>
<th>2. Foreign-based banks’ domestic branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea Development Bank (KDB)</td>
<td>① Bank of America, N.A. Seoul Branch</td>
</tr>
<tr>
<td>The Industrial Bank of Korea (IBK)</td>
<td>② The Bank of New York Mellon, Seoul Branch</td>
</tr>
<tr>
<td>Kookmin Bank</td>
<td>③ The Bank of Tokyo-Mitsubishi, Seoul Branch</td>
</tr>
<tr>
<td>Standard Chartered First Bank Korea</td>
<td>④ Mizuho Corporate Bank, Ltd., Seoul Branch</td>
</tr>
<tr>
<td>Woori Bank</td>
<td>⑤ Sumitomo Mitsui Banking Corporation, Seoul Branch</td>
</tr>
<tr>
<td>Korean Exchange Bank (KEB)</td>
<td>⑥ The Yamaguchi Bank Ltd., Pusan Branch</td>
</tr>
<tr>
<td>Shinhan Bank</td>
<td>⑦ Crédit Agricole Corporate and Investment Bank, Seoul Branch</td>
</tr>
<tr>
<td>Citi Bank Korea</td>
<td>⑧ BNP Paribas, Seoul Branch</td>
</tr>
<tr>
<td>Hana Bank</td>
<td>⑨ Socite Generale, Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑩ ING Bank N.V., Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑪ DBS Bank Ltd., Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑫ Deutsche Bank AG, Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑬ Hongkong and Shanghai Banking Corporation Ltd., Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑭ Bank of China, Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑮ The Royal Bank of Scotland N.V., Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑯ JP Morgan Chase Bank, Seoul Branch</td>
</tr>
<tr>
<td></td>
<td>⑰ Landesbank Baden-Württemberg, Seoul Branch</td>
</tr>
</tbody>
</table>
<APPENDIX>

FDI-Related Notification and Application Forms

[Foreign investment Promotion Act]

[Form No.1]
Acquisition of Newly Issued Stock by a Foreign Investor ........................................ 90

[Form No.2]
Changes to Information Regarding the Acquisition of Newly Issued Stock by Foreign Investors .......... 93

[Form No.3]
Foreign Investment by Acquisition of Outstanding Stock: Notification Form /Application for Authorization ....... 95

[Form No.4]
Change of Information Regarding the Acquisition of Outstanding Stock by Foreign Investors .................. 97

[Form No.5]
Notification of Acquisition of Stock or Shares .................................................................................. 98

[Form No.6]
Foreign Investment in the Form of a Long-Term Loan ............................................................................. 100

[Form No.11]
Application for reduction/exemption of national property-related rent ...................................................... 101

[Form No.11-2]
Application for cash support ...................................................................................................................... 102

[Form No.12]
Application for /approval or/change-related approval concerning /construction of a new factory/ expansion of an existing factory / change in type of business ................................................................. 104

[Form No.13]
Application for approval of a business plan or/ a change in a business plan ................................................. 105

[Form No.16-6]
Application for factory registration / Change in registration / Partial registration / Building registration .... 106

[Form No.17]
Registration of a Foreign-Invested Enterprise /Change of Information ......................................................... 107

[Form No.18-2]
Cancellation of Registration of a Foreign Invested-Enterprise ................................................................. 108
[Form No.19]
Report on disposal of capital goods ................................................................. 110

[Form No.22]
Notification of Transfer / Reduction of Stock or Shares ........................................ 111

[Form No.23]
Report on a contract for technological import (or report on a change) ...................... 113

[Form No.24]
Application for review/check of the list of imported goods (including capital goods) .... 114

[Form No.25]
Application for confirmation of completion of in-kind investment ............................ 115

[Restriction of Special Taxation Act]

[Form No.80]
Reduction or Exemption / Application Form in regards to a Change in the Content of Tax Reduction or Exemption ............................................................... 116

[Form No.81]
Application Form for Prior Checking of Tax Reduction or Exemption ........................ 117

[Form No.82]
Report on business commencement date .................................................................. 118

[Form No.83]
Application for exemption of customs duties/special excise tax/VAT ........................ 119
# Guide to Foreign Direct Investment in Korea

## Form No. 1

**Acquisition of Newly Issued Stock by a Foreign Investor**

*Please fill out this form after reading the instructions on the back and mark √ in the applicable item in [ ]*  

<table>
<thead>
<tr>
<th>Number of Receipt</th>
<th>Date of Receipt</th>
<th>Date of Completion</th>
<th>Term of Completion</th>
<th>Immediate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Foreign Investor

1. Name  
2. Address  
3. Nationality  
   - SPC:  
     - Yes [ ]  
     - No [ ]  
   - UPC of SPC Name  
   - Nationality

### Domestic Investor

4. Name  
5. Telephone

### Foreign-Invested Enterprise

5. Name (Korean)  
6. Capital (Contribution):  
   - Before Acquisition (Contribution):  
   - After Acquisition (Contribution):  
   - Won  
7. Business Registration No. (Headquarters):  
   - Headquarters  
   - Factory (Place of Business)  
   - Location of Investment  
   - Telephone

### Information

8. Amount and Percentage of Present Foreign Investment  
   - Acquisition Price: Won (USD), %

### Type of Investment

- Establishing Corporation  
- Establishing Unincorporated Private Enterprise  
- Purchase of Newly Issued Stock  
- Contribution to Non-Profit Corporation

### Purpose of Investment

- Establishing Factory  
- Establishing Place of Business  
- Merger or Acquisition  
- Contribution to Non-Profit Corporation

### Form of Investment

- Cash Amount  
- Capital in Kind  
- Stock  
- Real Estate  
- Bond  
- Intellectual Property Rights  
- Won (USD)

### Details of Stock (Shares) to be Acquired

- Type  
- Quantity  
- Par Value per Stock (Share)  
- Total Par Value of All Stocks  
- Acquisition Price per Stock (Share)  
- Total Acquisition Price  
- Won (USD)

### Amount and Percentage of Foreign Investment After Acquisition

- Par Value of Stock: Won  
- Acquisition Price: Won (USD), %

---

210mm x 297mm (Standard Paper 60 g/m²) (Recycled Paper)
In accordance with the Regulations stipulated in □ Article 5, Paragraph 1 / □ Article 8-2, Paragraph 1, of the Foreign Investment Promotion Act, the above notification is made.

Applicant

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Day</th>
</tr>
</thead>
</table>

(Signature or Seal)

(or Power of Attorney)

(Telephone:)

For the Delegated Authority

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Day</th>
</tr>
</thead>
</table>

For the Applicant

Notification No.:
The above notification is confirmed.

Delegated Authority

 SEAL

<table>
<thead>
<tr>
<th>Required Documents</th>
<th>Processing Fee Exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proof of the monetary value of an Intellectual Property Right issued by a technology evaluation authority as stipulated in Article 39, Paragraph 2, of the Enforcement Decree of the Foreign Investment Promotion Act. (Only necessary if Article 2, Paragraph 1, Item 8, Sub-item “Ra,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>2. Proof of the assets remaining after liquidation of a branch or representative office. (Only necessary if Article 2, Paragraph 1, Item 8, Sub-item “Ma,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>3. Proof of the amount the applicant has repaid against a domestic or overseas loan. (Only necessary if Article 2, Paragraph 1, Item 8, Sub-item “Ba,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>4. Proof that the stocks in question fall under the jurisdiction of Article 2, Paragraph 10, of the Enforcement Decree. (Only necessary if Article 2, Paragraph 1, Item 8, Sub-item “Sa,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>5. Proof that the investor has duly registered all capital transactions involving the real estate to be invested, pursuant to Article 18 of the Foreign Exchange Law. (Only necessary if Article 2, Paragraph 1, Item 8, Sub-item “A,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>6. Any contract falling under the jurisdiction of Article 2, Paragraph 2, Item 2, of the Enforcement Decree. (Only necessary if the above-mentioned Item applies.)</td>
<td></td>
</tr>
<tr>
<td>7. Proof of the amount received through the sale of stock (shares) or real estate. (Only necessary if Article 2, Paragraph 11, of the Enforcement Decree applies.)</td>
<td></td>
</tr>
<tr>
<td>8. Proof that the non-profit corporation in question falls under the jurisdiction of Article 2, Paragraph 6, of the Enforcement Decree. (Only necessary if Article 2, Paragraph 1, Item 4, Sub-item “Da,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>9. Proof that the non-profit corporation in question falls under the jurisdiction of Article 2, Paragraph 7, of the Enforcement Decree. (Only necessary if Article 2, Paragraph 1, Item 4, Sub-item “Ra,” of the Foreign Investment Promotion Act applies.)</td>
<td></td>
</tr>
<tr>
<td>10. Proof of the foreign investor’s nationality. (Only necessary the first time the foreign investor makes an investment.)</td>
<td></td>
</tr>
</tbody>
</table>

Notice

This notification does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.

Procedure

<table>
<thead>
<tr>
<th>Notification</th>
<th>Acceptance</th>
<th>Review and Confirmation</th>
<th>Issuance of Certification</th>
<th>Receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant</td>
<td>Delegated Authority</td>
<td>Delegated Authority</td>
<td>Delegated Authority</td>
<td>Applicant</td>
</tr>
</tbody>
</table>
**GUIDE TO FOREIGN DIRECT INVESTMENT IN KOREA**

### Instructions

1. A "foreign investor" is a foreign party (either a natural or legal person) who will own stocks (or shares) in accordance with the Foreign Investment Promotion Act. Please write the foreign investor’s name and address in Roman characters (English where applicable). If there are multiple foreign investors, list all their names, addresses and nationalities.

2. Please provide the name of the largest domestic shareholder (either a natural or legal person) in the foreign-invested company.

3. Please write the name of the company in which the foreign party intends to invest (including the company currently being established).

4. Write in Korean won the par value of all stocks (or shares) in the foreign-invested company, or the total amount he or she has contributed, both before and after the foreign investment.

5. Please provide the business registration number of the headquarters of the foreign-invested company.

6. Please specify the addresses of both the headquarters and the factory (or the place of business). If the company is in the manufacturing business, the applicant must provide the address of the factory. If there is more than one factory, please provide the address of the main factory. If the company is in a business other than manufacturing, please specify the place of business (or the research center). If there is more than one place of business, please provide the address of the main place of business.

7. Please indicate the intended purpose of the foreign-invested company. If the company intends to engage in several kinds of business, list the main ones up to a maximum of four.

8. Please state the acquisition price (U.S. dollars must be converted into Korean won at the exchange rate in effect on the date of the investment notification) that will be newly paid by the foreign investor, and express the increase as a percentage. This percentage represents the par value of the paid-in capital of the foreign investor (or the total amount the foreign investor has contributed) relative to the increased capital of the foreign-invested company (or the amount newly contributed to the non-profit corporation). If there are multiple foreign investors, specify this information for each investor.

9. Select one item for "main investment type":
   - Incorporation (sole investment): Establishing a new corporation funded solely by foreign investors.
   - Incorporation (joint venture): Establishing a new corporation with joint investment from foreign and domestic investors.
   - Unincorporated private enterprise (sole investment): A foreign investor is the sole operator of a private business entity.
   - Unincorporated private enterprise (joint venture): Foreign and domestic investors jointly operate a private business entity (e.g. partnership contract).
   - Capital increase with consideration (domestic corporation): A foreign investor participates in the capital increase of a purely domestic corporation.
   - Capital increase with consideration (foreign-invested enterprise): A foreign investor participates in the capital increase of a foreign-invested company.
   - Non-profit corporation (sole investment): Establishing a new non-profit corporation funded solely by foreign investors.
   - Non-profit corporation (joint venture): Establishing a new non-profit corporation with joint contributions from foreign and domestic investors.

10. Select one item for "main investment purpose":
    - Establishing factories: A foreign-invested company in the manufacturing business (or a company that operates both manufacturing and non-manufacturing businesses) will use the foreign investment funds for capital investment or operation of a business.
    - Establishing place of business: A foreign-invested company in a non-manufacturing business will use the foreign investment funds to operate or expand its non-manufacturing business.
    - Mergers or acquisitions: The company in question will use the foreign investment funds to acquire the shares or assets of other companies to secure management rights.
    - Contributing to non-profit corporations: The foreign investment funds will be contributed to a non-profit corporation.

11. Specify the items in which the investment is being made, and specify the acquisition cost for each item.

   **Note:** In the event that the investment is being made in bonds, the investment must be made in kind and the bonds must have originated from a loan as defined in Article 2, Paragraph 1, Item 8, Sub-Item “Na,” of the Foreign Investment Promotion Act, or from other overseas loans as stipulated in Article 2, Paragraph 1, Item 8, Sub-Item “Ba” of the same Act.

12. Please provide all relevant information about the stocks (or shares) that will be acquired by the foreign investor specified in section 11, except when the investment is in a non-profit corporation. The total acquisition amount must be consistent with the acquisition price specified in section 11. If there are multiple foreign investors, specify the necessary information for each investor.

13. Please calculate the par value by adding the par value of the existing investment by the foreign investor specified in section 11 to the total par value specified in section 12 (except when investing in non-profit corporations), and calculate the acquisition price by adding the acquisition price of the existing investment by the foreign investor specified in section 11 to the total acquisition price specified in section 12. Please express as a percentage the total value of all stocks (or shares) owned by the foreign investor specified in section 11 (or the amount contributed by the foreign investor specified in section 11) relative to the total value of all stocks (or shares) issued by the company or total contributions received by the non-profit corporation. If there are multiple foreign investors, specify the relevant information for each investor.

   **An enterprise is usually considered as an SPC if it meets the following criteria: (i) The enterprise is a legal entity; (ii) The enterprise is ultimately controlled by a non-resident parent, directly or indirectly; (iii) The enterprise has no or few employees, little or no production in the host economy and little or no physical presence.**

   **A UCP is the direct investor at the top of the ownership chain, i.e. not controlled by any other entity.**
## Changes to Information Regarding the Acquisition of Newly Issued Stock by Foreign Investors

* Please fill out this form after reading the instructions on the back and mark ✓ in the applicable item in [ ]

<table>
<thead>
<tr>
<th>Number of Receipt</th>
<th>Date of Receipt</th>
<th>Date of Completion</th>
<th>Term of Completion</th>
<th>Immediate</th>
</tr>
</thead>
</table>

### Details of Foreign Investment Prior to Change

<table>
<thead>
<tr>
<th>Foreign Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Notification</td>
</tr>
<tr>
<td>Name of Foreign-Invested Enterprise</td>
</tr>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Nationality</td>
</tr>
<tr>
<td>SPC [ ]Yes [ ]No</td>
</tr>
<tr>
<td>UCP of SPC</td>
</tr>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Nationality</td>
</tr>
<tr>
<td>Amount and Percentage of Foreign Investment</td>
</tr>
<tr>
<td>Acquisition Price: Won (USD), %</td>
</tr>
</tbody>
</table>

### Change to Information

| Information Prior to Change |
| Information After Change |

In accordance with the Regulations stipulated in [ ] Article 5, Paragraph 1 / [ ] Article 8-2, Paragraph 1, of the Foreign Investment Promotion Act, the above notification is made.

**Applicant**

Year Month Day

(Signature or Seal)

(or Power of Attorney)

(Telephone: )

For the Delegated Authority

**Delegated Authority**

Year Month Day

Seal

210mm x 297mm [Standard Paper 60 g/m² (Recycled Paper)]
### Required Documents

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Any contract falling under the jurisdiction of Article 2, Paragraph 2, Item 2, of the Enforcement Decree of the Foreign Investment Promotion Act. (Only necessary in the event of the application of Article 2, Paragraph 2, Item 2, of the Enforcement Decree of the above-mentioned Act.)</td>
</tr>
<tr>
<td>2.</td>
<td>Proof that the non-profit corporation in question fall under the jurisdiction of Article 2, Paragraph 6, all Items, of the Enforcement Decree. (Only necessary in the event of the application of Article 2, Paragraph 1, Item 4, Sub-Item “Da”, of the Foreign Investment Promotion Act.)</td>
</tr>
<tr>
<td>3.</td>
<td>Proof that the non-profit corporation in question fall under the jurisdiction of Article 2, Paragraph 7, of the Enforcement Decree. (Only necessary in the event of the application of Article 2, Paragraph 1, Item 4, Sub-Item “Ra”, of the Foreign Investment Promotion Act.)</td>
</tr>
<tr>
<td>4.</td>
<td>Proof of the foreign party’s nationality (only necessary if the information has changed).</td>
</tr>
</tbody>
</table>

### Processing Fee

Exempt

---

**Notice**

This notification does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.
Foreign Investment by Acquisition of Outstanding Stock | Notification Form
| Application for Authorization

※ Please fill out this form after reading the instructions on the back and mark √ in the applicable item in [ ]

<table>
<thead>
<tr>
<th>Number of Receipt</th>
<th>Date of Receipt</th>
<th>Date of Completion</th>
<th>Term of Completion</th>
<th>Notification: Immediate Authorization: 15 days</th>
</tr>
</thead>
</table>

Stock-Issuing Enterprise

① Name
Korean:
English:

② Business Registration No.
SPC [ ]Yes [ ]No

③ Address
Telephone

④ Factory (Business) Location
Telephone

⑤ Present Business
⑥ Capital

※ Sub-Class of KSIC (Korea Standard Industry Code) (for the Delegated Agency’s use only.)

Information

⑦ Acquirer of Stock or Shares (Foreign Investor)
Name
Address
SPC [ ]Yes [ ]No
UCP of SPC

⑧ Seller of Stock or Shares
Name
Telephone

⑨ Amount and Percentage of Present Foreign Investment
Acquisition Price: Won (USD ), %

⑩ Details of Stock(Shares) to be Acquired
Type
Par Value per Stock (Share)
 Acquisition Price per Stock (Share)
Quantity
Total Par Value of All Stocks
Total Acquisition Price

⑪ Amount and Percentage of Foreign Investment After Acquisition
Par Value of Stock: Won
Acquisition Price: Won (USD ) %

In accordance with the Regulations stipulated in Article 6, Paragraphs 1 and 3, of the Foreign Investment Promotion Act, the above notification is made.

Year Month Day
Applicant (Signature or Seal)
(or Power of Attorney) (Telephone: )

For the Delegated Authority (or the Minister of Knowledge Economy)

For the Applicant

Notification (Authorization) No.:
[ ] The above notification is confirmed.
[ ] The above is authorized.
Authorization Conditions:

Year Month Day

Delegated Authority (or the Minister of Knowledge Economy) Seal

210mm x 297mm Standard Paper 60 g/m² (Recycled Paper)
### Guide to Foreign Direct Investment in Korea

#### Required Documents

1. The document required under the Regulations stipulated in Articles 2, 3, 6 and 7 of the Working Rules.
2. In the event that the stock is being transferred to more than two parties, proof of the transferees’ relationship to each other.
3. Any contract falling under the jurisdiction of Article 2, Paragraph 10, of the Enforcement Decree of the Foreign Investment Promotion Act, stipulating the terms and conditions of the exchange, including the value and rate of exchange of the stocks to be invested and acquired. (Only required if Article 2, Paragraph 1, Item 8, Sub-item “(a),” of the Foreign Investment Promotion Act applies.)
4. Proof of the foreign investor’s nationality. (Not required in cases where an existing foreign investor intends to acquire additional stocks in a foreign-invested enterprise.)

#### Processing Fee

Exempt

---

### Notice

This notification (or authorization) does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.

---

### Instructions

1. Please write in both Korean and Roman characters (English where applicable), the name of the domestic company whose stocks (or shares) will be purchased. Also provide the business registration number and address of the company’s headquarters.
2. If the stocks (or shares) were issued by a company in the manufacturing sector, please specify the factory location. If there is more than one factory, please specify the location of the main factory. For companies outside the manufacturing sector, please provide the place of business (or the main place of business if there is more than one).
3. Indicate the present business of the company issuing the stocks (or shares). If there are multiple businesses, list the main ones (up to a maximum of four).
4. The paid-in capital of the issuing company of the stocks (or shares) must be written in Korean won, down to the last digit.
5. The applicant must specify the nationality of the foreign party (either a natural or legal person) who will acquire the stocks (or shares) under the terms of the Foreign Investment Promotion Act. Names and addresses must appear in Roman characters (English where applicable). If there are multiple foreign parties, specify the appropriate information for each party.
6. The applicant must write, in Korean characters, the name of the transferor: either a natural or legal person who is transferring the stocks (or shares) to another party. If there is more than one transferor, please indicate the number of transferors and the name of the main transferor in the following manner: "(Name) and two others."
7. Please specify the amount to be invested, and express as a percentage the value of the stocks (or shares) that will be acquired by the foreign party specified in section 6 relative to the total value of all stocks (or shares) issued by the company. (U.S. dollars must be converted into Korean won at the exchange rate in effect on the date of the investment notification.) If there are multiple stock acquirers, specify the necessary information for each one.
8. Please provide the information regarding the stocks (or shares) that will be acquired by the foreign party specified in section 6. The total acquisition amount must be consistent with the amount specified in section 8. Please write the amount in Korean won. If there are multiple foreign investors, specify the appropriate information for each investor.
9. Calculate the par value by adding the par value of the existing investments held by the stock (or share) acquirer to the total par value specified in section 6. Calculate the acquisition amount by adding the acquisition price of the existing investments held by the stock (or share) acquirer to the total acquisition amount specified in section 9. Please express as a percentage the total value of all stocks (or shares) owned by the party specified in section 6 relative to the total value of all stocks (or shares) issued by the company.

* An enterprise is usually considered as an SPC if it meets the following criteria: (i) The enterprise is a legal entity; (ii) The enterprise is ultimately controlled by a non-resident parent, directly or indirectly; (iii) The enterprise has no or few employees, little or no production in the host economy and little or no physical presence.

* A UCP is the direct investor at the top of the ownership chain, i.e. not controlled by any other entity.
| Appendix | 97 |

**Change of Information Regarding the Acquisition of Outstanding Stock by Foreign Investors**

<table>
<thead>
<tr>
<th>□ Notification Form</th>
<th>□ Application for Authorization</th>
<th>Term of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification : Immediate Authorization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application : 15 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date of Notification (Authorization) of stock Acquisition</th>
<th>Year Month Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>(Telephone :   )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPC</td>
</tr>
<tr>
<td>□ Yes</td>
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<tr>
<td>□ No</td>
</tr>
<tr>
<td>UCP of SPC</td>
</tr>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Nationality</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign-Invested Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>(Telephone :               )</td>
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</table>

<table>
<thead>
<tr>
<th>Change to Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Prior to Change</td>
</tr>
<tr>
<td>Content After Change</td>
</tr>
</tbody>
</table>

In accordance with the Regulations stipulated in Article 6, Paragraphs 1 and 3, of the Foreign Investment Promotion Act, the above notification is made.

<table>
<thead>
<tr>
<th>Year Month Day</th>
<th>(Signature or Seal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant</td>
<td>(or Power of Attorney)</td>
</tr>
<tr>
<td>(Telephone :   )</td>
<td></td>
</tr>
</tbody>
</table>

For the Delegated Authority (or The Minister of Knowledge Economy)

For the Applicant
Notification (Authorization) No.:
The above notification is confirmed (The above is authorized).

<table>
<thead>
<tr>
<th>Year Month Day</th>
<th>Official Seal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegated Authority (or The Minister of Knowledge Economy)</td>
<td></td>
</tr>
</tbody>
</table>

※ This notification (or authorization) does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.

Required Documents (Copies acceptable unless otherwise stated.)
1. Any contract falling under the jurisdiction of Article 2
2. Paragraph 2, Item 2, of the Enforcement Decree of the Foreign Investment Promotion Act. (Only necessary in the event of the application of the above-mentioned Item.)
3. In the event that the stock is being transferred to more than two parties, proof of the transferees’ relationship to each other.
4. Proof of the foreign party’s nationality. (Only necessary if this information has changed.)

Processing Fee  
Exempt

210 mm x 297 mm [Standard Paper 60g/m² (Recycled Paper)]
### Notification of Acquisition of Stock or Shares

<table>
<thead>
<tr>
<th>Foreign-Invested Enterprise</th>
<th>(Front)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>① Name</strong></td>
<td>Korean: English:</td>
</tr>
<tr>
<td><strong>② Business Registration No. (Headquarters)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>③ Address</strong></td>
<td>Headquarters (Tel: )</td>
</tr>
<tr>
<td></td>
<td>Factory (Business) (Tel: )</td>
</tr>
<tr>
<td><strong>④ Capital</strong></td>
<td>Before Acquisition: Won</td>
</tr>
<tr>
<td></td>
<td>After Acquisition: Won</td>
</tr>
<tr>
<td><strong>⑤ Present Business</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑥ Name</strong></td>
<td>For Delegated Agency’s use only. Please do not write.</td>
</tr>
<tr>
<td><strong>⑦ Nationality</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑧ Address</strong></td>
<td>(Telephone: )</td>
</tr>
<tr>
<td><strong>⑨ SPC</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>⑩ UCP of SPC</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>⑪ Type</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑫ Quantity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑬ Par Value per Stock</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑭ Total Par Value</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑮ Acquisition Price per Stock</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑯ Total Acquisition Price</strong></td>
<td></td>
</tr>
<tr>
<td><strong>⑰ Basis of Acquisition</strong></td>
<td>Convertible Bonds</td>
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<tr>
<td></td>
<td>Subscription Rights</td>
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<tr>
<td></td>
<td>Bonus Issue</td>
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<tr>
<td></td>
<td>Dividend</td>
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<tr>
<td></td>
<td>Inheritance or Bequest</td>
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<tr>
<td></td>
<td>Merger</td>
</tr>
<tr>
<td></td>
<td>Demerger</td>
</tr>
<tr>
<td></td>
<td>Comprehensive exchange or transfer of stocks</td>
</tr>
<tr>
<td></td>
<td>Other ( )</td>
</tr>
<tr>
<td><strong>⑱ Total Quantity, Value and Percentage of Stock (Shares) Held by Foreign Investor After Acquisition</strong></td>
<td>Shares</td>
</tr>
<tr>
<td></td>
<td>Acquisition Price: Won (USD)</td>
</tr>
<tr>
<td><strong>For the Delegated Authority</strong></td>
<td></td>
</tr>
<tr>
<td><strong>For the Applicant</strong></td>
<td>Year</td>
</tr>
<tr>
<td><strong>Notification No.</strong></td>
<td>Applicant (or Power of Attorney)</td>
</tr>
<tr>
<td><strong>The above notification is confirmed.</strong></td>
<td>Year</td>
</tr>
<tr>
<td><strong>Delegated Authority</strong></td>
<td>Official Seal</td>
</tr>
</tbody>
</table>

*This notification does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.*

---

6. Required Documents (Copies acceptable unless otherwise stated.)
1. Proof of the acquisition of stock or shares.
2. Any contract falling under the jurisdiction of Article 2, Paragraph 2, Item 2, of the Enforcement Decree of the Foreign Investment Promotion Act. (Only necessary if the above-mentioned item applies.)
3. Proof of the foreign investor’s nationality. (Not applicable when an existing foreign investor acquires additional stock or shares in a foreign-invested enterprise.)

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

Instructions

① Please write, both in Korean and Roman characters (English where applicable), the name of the company issuing the stocks (or shares) the foreign investor intends to acquire under the terms of the Foreign Investment Promotion Act. If the foreign-invested company is merging with another company, please provide the names both before and after the merger.

② ～ ③ Please provide the business registration number of the headquarters of the company issuing the stocks (or shares). Addresses must be provided for the headquarters as well as the factory (or place of business). If there is more than one factory (or place of business), please provide the address of the main factory (or place of business).

④ The applicant must specify, in Korean won, the amount of capital held by the company issuing the stocks (or shares) both before and after the stock acquisition.

⑤ The applicant must specify the kind of business conducted by the company issuing the stocks (or shares). If the company engages in more than one kind of business, please list the main ones up to a maximum of four.

⑥ ～ ⑦ The applicant must specify the nationality of the foreign party (either a natural or legal person) who acquired the stocks (or shares) under the terms of the Foreign Investment Promotion Act. Names and addresses must appear in Roman characters (English where applicable). If there are multiple stock (share) acquirers, please specify the appropriate information for each investor.

⑧ ～ ⑨ Provide all relevant information about the stocks (or shares) being newly acquired by the foreign investor specified in section ⑥. In section ⑩, please write the acquisition price per stock.

⑩ The applicant must specify the reason for the stock (or share) acquisition in accordance with Article 7, Paragraph 1 of the Foreign Investment Promotion Act.

⑪ The applicant must state the total value, the par value and the quantity of stocks (or shares) owned by the foreign investor after the acquisition. Please express as a percentage the value of all stocks (or shares) owned by the foreign investor relative to the total value of all stocks (or shares) issued by the company. If there are multiple foreign investors, provide the relevant information for each one.

* An enterprise is usually considered as an SPC if it meets the following criteria: (i) The enterprise is a legal entity; (ii) The enterprise is ultimately controlled by a non-resident parent, directly or indirectly; (iii) The enterprise has no or few employees, little or no production in the host economy and little or no physical presence.

* A UCP is the direct investor at the top of the ownership chain, i.e. not controlled by any other entity.
### Foreign Investment in the Form of a Long-Term Loan

<table>
<thead>
<tr>
<th>Debit</th>
<th>① Name</th>
<th>② Address</th>
<th>③ Notification</th>
<th>④ Change of Information</th>
<th>Term of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Immediate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lender</th>
<th>③ Name</th>
<th>④ Nationality</th>
<th>⑤ Address</th>
<th>⑥ SPC</th>
<th>⑦ UCP of SPC</th>
<th>⑧ Amount of the Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
<td>Won (USD)</td>
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</table>

<table>
<thead>
<tr>
<th>Details of Loan</th>
<th>⑨ Grace Period</th>
<th>⑩ Repayment Schedule</th>
<th>⑪ Rate of Interest</th>
<th>⑫ Other</th>
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</thead>
<tbody>
<tr>
<td>Loan conditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>⑬ Type of Loan</th>
<th>⑭ Purpose of Loan</th>
<th>⑮ Change to Information</th>
<th>Information Prior to Change</th>
<th>Information After Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Capital</td>
<td></td>
<td>Information Prior to Change</td>
<td>Information After Change</td>
</tr>
</tbody>
</table>

In accordance with the Regulations stipulated in Article 8, Paragraph 1, of the Foreign Investment Promotion Act, the above notification is made.

For the Applicant

For the Delegate Authority

This notification does not confirm the arrival of the investment. When any authorization, permission or notification is required by another law, the applicant must meet the requirements prescribed under that law.

**Required Documents (Copies acceptable unless otherwise stated.):**
- Processing Fee
- Exempt

For Notification Only

1. Proof of an overseas parent enterprise or enterprise which has capital affiliation with the parent enterprise.
2. Proof of a foreign investor or enterprise which has capital affiliation with the foreign investor.
3. A copy of the loan contract.
4. Proof of the lender’s nationality (unless the lender is an overseas parent enterprise).

For Change of Information

1. Proof of an overseas parent enterprise or enterprise which has capital affiliation with the parent enterprise.
2. Proof of a foreign investor or enterprise which has capital affiliation with the foreign investor.
3. A copy of the revised loan contract.
4. Proof of the lender’s nationality. (Only necessary if this information has changed.)

---

*210 mm x 297 mm [Standard Paper 60 g/m²] (Recycled Paper)*
The Enforcement Regulations of the Foreign Investment Promotion Act, [Form No.11]

Application for reduction/exemption of national property-related rent

<table>
<thead>
<tr>
<th>Receipt No.</th>
<th>Submitted on</th>
<th>Processed on</th>
<th>Specified time for processing</th>
<th>21 days</th>
</tr>
</thead>
</table>

Foreign investor

<table>
<thead>
<tr>
<th>Name:</th>
<th>Nationality:</th>
</tr>
</thead>
</table>

Foreign-invested business

<table>
<thead>
<tr>
<th>Name:</th>
<th>Business registration No.:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of business reported:</td>
<td>Products made:</td>
</tr>
<tr>
<td>Amount of foreign investment and ratio:</td>
<td></td>
</tr>
</tbody>
</table>
  (Based on acquisition value: won (= approximately US$) / %) |

Address: | Phone No.: |
|---------|------------|

National property eligible for rent exemption/reduction

<table>
<thead>
<tr>
<th>Location:</th>
<th>Relevant industrial complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>National property/classification:</td>
<td>Land size (m²):</td>
</tr>
<tr>
<td>Period of use or lease:</td>
<td></td>
</tr>
<tr>
<td>Use fee or rent and method of payment:</td>
<td>Relevant basis</td>
</tr>
</tbody>
</table>
  Article 2, Paragraph 8, Subparagraph () and Article 19, Paragraph 4, Subparagraph (), Item () of the Enforcement Decree of the Foreign Investment Promotion Act. |

To: the head of the office in charge of management of national property

I, the undersigned, apply as said above under Article 19, Paragraph 6 of the Enforcement Decree of the Foreign Investment Promotion Act.

Date:

The applicant: (Signed or sealed)

(or the agent) (Phone No.: )

Documents to be attached

1. A copy of a document verifying the status as the operator of the facility or the business under Article 2, Paragraph 8 of the Enforcement Degree of the Foreign Investment Promotion Act or the status of business eligible for exemption/reduction of rent under Article 19, Paragraph 4 of the said Enforcement Decree
2. A copy of the land lease contract

Processing fee: N/a

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
Application for cash support

<table>
<thead>
<tr>
<th>The applicant</th>
<th>Specified time for processing</th>
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<tbody>
<tr>
<td>① Name</td>
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<tr>
<td>② Address</td>
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<tr>
<td>③ Nationality</td>
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</table>

<table>
<thead>
<tr>
<th>Foreign-invested business (if established)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>④ Name</td>
<td>(in Korean):</td>
</tr>
<tr>
<td>(in English):</td>
<td></td>
</tr>
<tr>
<td>⑤ Business registration No. (of the headquarters)</td>
<td>(Phone: )</td>
</tr>
<tr>
<td>⑥ Address</td>
<td>The headquarters</td>
</tr>
<tr>
<td></td>
<td>Factory (or place of business)</td>
</tr>
<tr>
<td></td>
<td>(Phone: )</td>
</tr>
</tbody>
</table>

| Type of business you are investing in | |
|---------------------------------------| |

<table>
<thead>
<tr>
<th>Total amount of investment</th>
<th>won (= approximately US$ )</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amount of foreign investment and ratio/(Scheduled) date of report</th>
<th>won (= approximately US$ ) / , 2010</th>
</tr>
</thead>
</table>

| Address of the place of investment | |
|------------------------------------| |

<table>
<thead>
<tr>
<th>Reason for cash support</th>
<th>The Act, Article 14-2, Paragraph 1, Subparagraph 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Act, Article 14-2, Paragraph 1, Subparagraph 2</td>
</tr>
<tr>
<td></td>
<td>The Act, Article 14-2, Paragraph 1, Subparagraph 3</td>
</tr>
<tr>
<td></td>
<td>The Act, Article 14-2, Paragraph 1, Subparagraph 4</td>
</tr>
</tbody>
</table>

| Type of business/Items produced | |
|---------------------------------| |

<table>
<thead>
<tr>
<th>Amount of cash support applied for</th>
<th>won (= approximately US$ )</th>
</tr>
</thead>
</table>

To: the Minister of Knowledge Economy

I, the undersigned, apply for cash support as said above under the Article 20, Paragraph (3), the Enforcement Decree of Foreign Investment Promotion Act.

Date: , 2010

The applicant □

※ The application you submit (including the documents attached) will not be returned. All expenses required for drawing up this application shall be borne by the applicant. Details of cash support are not fixed until the signing of the relevant contract. Thus, all investment-related activities carried out before the contract shall be the applicant’s responsibility.

※ In ⑦ (Type of business you are investing in), please state “a newly-built factory (or expansion of an existing factory) (or a place of business or a research facility) in O.”

※ In ⑩ (Items produced), please state in detail under Article 14-2, Paragraph 1, subparagraphs of the Act.

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
### Documents to be submitted

1. 5 copies of investment plan and summary
2. 5 copies of the applicant’s financial statements (in the event of a corporation) (plus the financial statements of the foreign-invested business in the event of an increase in investment amount)
3. 5 copies of the fund details of the source of investment fund and a letter confirming the content
4. A copy of the foreign investment report (if applicable)
5. A copy of the project manager’s opinion concerning FDI

<table>
<thead>
<tr>
<th>Processing fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
</tr>
</tbody>
</table>

※ Investment plan should include the following:

a. The applicant’s major management record and financial status (including the status of the parent business and subsidiaries overseas, and annual report, etc)

b. Total amount of investment / amount of foreign investment and ratio

c. Site plan (including area, size, method of acquisition, expense, etc)

d. Annual investment plan for the next 5 years (concerning each item of fixed assets, such as land, building and facilities)

e. Annual investment/operating fund supply plan for the next 5 years (broken down into internal supply; external supply; cash support, etc)

f. Detailed business plan (including content of business, products, technology-related matters, production process, relevant industries, and detailed business relations with the parent business and subsidiaries in foreign countries)

g. Current status and future prospect of supply-demand in markets in and out of the country (including those concerning rivals)

h. Prospect for the next decade (including detailed information, such as expected profit from investment and net present value, along with basis of calculation, and business-related risks, financial risks and a plan for their management)

i. Estimated financial statement for the next 5 years (details concerning expense factors comprising sales cost, along with basis of estimation)

j. Annual employment plan for the next 5 years (including the number of employees with engineering/science background, their wage level, comparison of wage level with others in the similar category of business, with distinctions between regular and irregular employees and Koreans and non-Koreans)

k. R&D plan for the next 5 years (expense to be spent for employees’ education/training, establishment of an ancillary research facility, the number of employees engaged in R&D by their academic background, R&D investment amount, joint research with Korean businesses or research institutes, etc)

l. Reason for designation of Korea as an investment target (including merits/demerits offered by Korea compared to other investment targets)

m. Expected effects for contribution to local and national economy for the next 5 years (in terms of production, export, domestic consumption, direct/indirect employment magnitude, tax payment, raw material supply, product sales, relevant industrial sectors, and the function as the regional headquarters). Others required by the Minister of Knowledge Economy for the decision on cash support
GUIDE TO FOREIGN DIRECT INVESTMENT IN KOREA

The Enforcement Regulations of Foreign Investment Promotion Act [Form No.12]

Application for [ ] approval or [ ] change-related approval concerning [ ]
construction of a new factory, [ ] expansion of an existing factory, [ ] change in
type of business

Please mark [ ] where applicable.

<table>
<thead>
<tr>
<th>Receipt No.</th>
<th>Submitted on</th>
<th>Processed on</th>
<th>Specified time for processing</th>
<th>Refer to P.2</th>
</tr>
</thead>
</table>

The applicant

Name: Phone No.:
Representative: Resident registration No. (Corporation registration No.):
Representative Address (Location of the corporation):

Matters to be approved

Factory Location:

Type of business classification: Main products:
Land size Factory site size (m²) Manufacturing facility land size (m²) Ancillary facility land size (m²)

Matters to be approved concerning changes:

To: the Mayor/Gun Magistrate/Head of the Gu Office

I, the undersigned, apply as said above under Article 11 of the Enforcement Decree of the Foreign Investment Promotion Act.

Date: ___________ , 2010

The applicant (Signed or sealed)

Documents to be attached

1. A copy of the business plan
2. A copy of the list of authorizations processed in a package with the approval of establishment of a factory under Article 17, Paragraph 1 of the Foreign Investment Promotion Act.
3. A copy of a document verifying the right to use the land and building (only in the event of applying for approval of establishment of a factory, using an existing building)

Processing fee To be fixed as stipulated in the laws

Matters to be checked by the official in charge

A copy of the land/building registration

We hereby approve the plan for factory establishment under Article 13 of the Industrial Cluster Development and Factory Establishment Act. With this approval, the applicant shall be deemed to have obtained the approval of his/her application for the approvals required in a package stated in the reverse side of Schedule-1 under Article 17, Paragraph 1 of the Foreign Investment Promotion Act.

Date: ___________ , 2010

Mayor. Gun Magistrate. Head of the Gu Office

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
Application for approval [ ] of a business plan or [ ] a change in a business plan

* Please put [ ] where applicable.

<table>
<thead>
<tr>
<th>Receipt No.</th>
<th>Submitted on</th>
<th>Processed on</th>
<th>Specified time for processing: Refer to P.2.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The applicant

Name: 
Business registration No. (Business commencement date):

Representative: 
Resident registration No.:

Form of business: 
Established on, 2010

Address (Location of the corporation): 
Company assets:

Agent: 
Phone No. 
Registration No.

Business plan

Factory Location:

Size (m²) 
Land 
Building

Business type classification (Classification code): 
Number of employees:

Work commencement schedule: 
Work completion schedule:

To the Mayor/Gun Magistrate/Head of the Gu Office

I, the undersigned, apply as said above under Article 12, the Enforcement Decree of the Foreign Investment Promotion Act.

Date: , 2010

The applicant

(Signed or sealed)

Documents to be attached

1. A copy of the business plan (only in the event of application for approval)
2. A copy of a plan for a change and reason (only in the event of application for approval of a change)
3. A copy of comparison between "before change" and "after change" (only in the event of application for approval of a change)
4. A copy of the list of authorizations processed in a package with the approval of establishment of a factory under Article 17, Paragraph 1 of the Foreign Investment Promotion Act

Processing fee
To be fixed as stipulated in the laws

We hereby approve the business plan under Article 33 of the Support for Small and Medium Enterprise Establishment Act. With this approval, the applicant shall be deemed to have obtained the approval of his/her application for the approvals required in a package stated in the reverse side of Schedule-I under Article 17, Paragraph 1 of the Foreign Investment Promotion Act.

Date: , 2010

Mayor - Gun Magistrate - Head of the Gu Office

Official seal

10mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
<table>
<thead>
<tr>
<th>Application for factory registration</th>
<th>Specified time for processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Registration</td>
<td>To be fixed as stipulated in the laws</td>
</tr>
<tr>
<td>□ Partial registration</td>
<td></td>
</tr>
<tr>
<td>□ Change in registration</td>
<td></td>
</tr>
<tr>
<td>□ Building registration</td>
<td></td>
</tr>
</tbody>
</table>

The applicant

<table>
<thead>
<tr>
<th>The applicant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>① Name</td>
<td></td>
</tr>
<tr>
<td>② Representative</td>
<td>Residency registration No.</td>
</tr>
<tr>
<td>③ Representative Address</td>
<td>(Location of the corporation)</td>
</tr>
<tr>
<td>④ (Phone: )</td>
<td></td>
</tr>
</tbody>
</table>

Status of the factory

<table>
<thead>
<tr>
<th>Status of the factory</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>⑤ Location:</td>
<td>⑥ Land lot</td>
</tr>
<tr>
<td>⑦ Land classification</td>
<td>⑧ Number of employees</td>
</tr>
<tr>
<td>⑨ Products</td>
<td></td>
</tr>
<tr>
<td>⑩ Business type classification (Classification code)</td>
<td>⑪ Factory site size (㎡)</td>
</tr>
<tr>
<td></td>
<td>⑫ Manufacturing facility land size (㎡)</td>
</tr>
<tr>
<td></td>
<td>⑬ Ancillary facility land size (㎡)</td>
</tr>
</tbody>
</table>

Content of change

<table>
<thead>
<tr>
<th>Content of change</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of business</td>
<td>Representative</td>
</tr>
<tr>
<td></td>
<td>Factory site size (㎡)</td>
</tr>
<tr>
<td></td>
<td>Manufacturing facility land size (㎡)</td>
</tr>
<tr>
<td></td>
<td>Ancillary facility land size (㎡)</td>
</tr>
<tr>
<td></td>
<td>Business type classification (Classification code)</td>
</tr>
<tr>
<td></td>
<td>Right to use land (building) (Period)</td>
</tr>
</tbody>
</table>

To: the Mayor/Gun Magistrate/Head of the Gu Office

I, the undersigned, apply as said above under Article 15-6, the Enforcement Regulations of the Enforcement Decree of the Foreign Investment Promotion Act.

Date: 2010

The applicant (Signed or sealed)

Documents to be submitted by the applicant

<table>
<thead>
<tr>
<th>Documents to be submitted</th>
<th>Matters to be checked by the official in charge (documents that should be submitted by the applicant if he/she does not agree to the check by the official in charge)</th>
<th>Processing fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A copy of the business plan (only in the event of application for registration)</td>
<td>A copy of the factory building registration (only in the event of application for building registration)</td>
<td>To be fixed as stipulated in the laws</td>
</tr>
<tr>
<td>2. A copy of a document verifying a change in (in the event of application for registration or change in (In the event of transfer or lease of a registered factory, a document verifying such a fact should be included.)</td>
<td>A copy of the factory building registration (only in the event of application for building registration)</td>
<td>To be fixed as stipulated in the laws</td>
</tr>
<tr>
<td>3. A copy of the list of authorizations processed in a package with the approval of establishment of a factory under Article 17, Paragraph 1 of the Foreign Investment Promotion Act.</td>
<td>A copy of the factory building registration (only in the event of application for building registration)</td>
<td>To be fixed as stipulated in the laws</td>
</tr>
<tr>
<td>※ Please refer to the explanation on application for “package”-based processing on the reverse side.</td>
<td>A copy of the factory building registration (only in the event of application for building registration)</td>
<td>To be fixed as stipulated in the laws</td>
</tr>
</tbody>
</table>

The applicant (Signed or sealed)

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
**Registration of a Foreign-Invested Enterprise**

[ ] Registration  [ ] Change of Information

※ Please fill out this report with reference the tips on the back and Mark a ✓ in a applicable item in [ ]

<table>
<thead>
<tr>
<th>Number of Receipt</th>
<th>Date of Receipt</th>
<th>Date of Completion</th>
<th>Term of Completion</th>
<th>One Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Investor</td>
<td>① Name of Foreign Investor</td>
<td>② Nationality</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>③ Name</td>
<td>Korean:</td>
<td>English:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>④ Business Registration No.</td>
<td>⑤ Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑥ Address</td>
<td>Headquarters</td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Factory (Place of Business)</td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑦ Type of Business Previously Authorized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑧ Amount and Percentage of Foreign Investment</td>
<td>Won (USD ), %</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑨ Class of High Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑩ Number of Regular Researchers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⑪ Reason(s) for Change of Information</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In accordance with the Regulations stipulated in Article 21, Paragraphs 1 and 2, of the Foreign Investment Promotion Act, and the Regulations stipulated in Article 27 of the Enforcement Decree of the above-mentioned Act, the above notification is made.

Applicant

Year  Month  Day

(Signature or Seal)

(or Power of Attorney)

(Telephone : )

For the Delegated Authority

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
# Cancellation of Registration of a Foreign Invested-Enterprise

<table>
<thead>
<tr>
<th>Number of Receipt</th>
<th>Date of Receipt</th>
<th>Date of Completion</th>
<th>Term of Completion One Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Investor</td>
<td>Name of Foreign Investor</td>
<td>Nationality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Korean:</td>
<td>English:</td>
</tr>
<tr>
<td></td>
<td>Business Registration No.</td>
<td>Capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Address</td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Type of Business Previously Authorized</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount and Percentage of Foreign Investment</td>
<td>Won (USD ), %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Class of High Technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Regular Researchers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reason(s) for Cancellation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In accordance with the Regulations stipulated in Article 28, Paragraph 1, of the Enforcement Decree of the Foreign Investment Promotion Act, the above notification is made.

Applicant  
(Signature or Seal)  
(or Power of Attorney)  
(Telephone: )

For the Delegated Authority

<table>
<thead>
<tr>
<th>Registration Cancellation Number (for the Delegated Agency’s use only)</th>
<th>No.</th>
<th>(Year</th>
<th>Month</th>
<th>Day )</th>
</tr>
</thead>
</table>

For the Applicant
the above is confirmed.

Delegated Authority  
Seal

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

Required Documents

1. Documentation substantiating the applicant’s stated reason(s) for the cancellation of registration of the foreign-invested enterprise.
2. Registration form for the foreign-invested enterprise. (Original document required).

Processing Fee Exempt

Note:

1. In section ③, please specify the actual amount of foreign investment in Korea.
2. Please complete sections ⑨ and ⑩ only if Article 2, Paragraph 6, of the Enforcement Decree applies.
3. In section ⑩, please specify the class of high technology related to Article 116-2, Paragraph 1, Item 2, of the Enforcement Decree of the Special Tax Treatment Act.

Instructions

①-② Please state the nationality of the foreign party (either a natural or legal person) who owns the stocks (or shares) under the terms of the Foreign Investment Promotion Act. Names must appear in Roman characters (English where applicable). If there are multiple foreign investors, please specify the appropriate information for each investor.

③-④ Please provide the information regarding the foreign-invested enterprise in question. In particular, please note that if the foreign-invested company has recently undergone a name change, the applicant must fill in the company’s former name as well as its new name.

⑤ Please specify the total amount the foreign party has invested to acquire the stocks (or shares) currently under his/her ownership, or the total amount the foreign party has contributed to the non-profit corporation in question. Please express as a percentage the value of all stocks (or shares) owned by the foreign investor specified in section ① (or the total amount the foreign investor has contributed to the non-profit corporation in question) relative to the total value of all stocks (or shares) issued by the foreign-invested enterprise (or the total value of all contributions received by the non-profit corporation).

⑥ An applicant who contributed to a non-profit corporation which is engaged in activities related to science and technology in accordance with Article 2, Paragraph 1, Item 4, Sub-Item "Da," of the Foreign Investment Promotion Act and whose activities involve “highly advanced technologies” as defined in Article 116-2, Paragraph 1, Item 2, of the Enforcement Decree of the Special Tax Treatment Control Act must specify the class of high technology conducted by the corporation. (This is applicable only when the applicant has received a certificate issued by the Minister of Strategy and Finance in accordance with Article 116-3, Paragraph 1, of the Enforcement Decree of the Special Tax Treatment Control Act confirming that the business is eligible for tax benefits.)

⑦ In cases not subject to section ⑥, an applicant who contributed to a non-profit corporation that is engaged in activities related to science and technology in accordance with Article 2, Paragraph 1, Item 4, Sub-Item "Da," of the Foreign Investment Promotion Act must specify the number of regular researchers employed by the non-profit corporation. These regular researchers must hold master’s degrees or higher-level qualifications in science and technology, or must have more than three years of research experience to complement bachelor’s degrees in science and technology.

⑧ The applicant must provide the reason for canceling the registration.

Examples:
September 29, 2007: Closing business.
February 3, 2008: Selling all the foreign investor’s stocks to a domestic investor.
Report on disposal of capital goods

<table>
<thead>
<tr>
<th>Foreign investor or Foreign-invested business</th>
<th>① Name</th>
<th>② Address</th>
<th>③ Description</th>
<th>④ Quantity</th>
<th>⑤ Value at the time of import</th>
<th>⑥ Value at the time of disposal</th>
<th>⑦ Date of import declaration under the Customs Act</th>
<th>⑧ Date of disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specified time for processing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immediately</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To: the head of the entrusted institution

I, the undersigned, hereby report as above under the Article 22, Paragraph 1 of the Foreign Investment Promotion Act.

Date: , 2010

The reporter (Signed or sealed)

(or the proxy) (Phone: )

To the reporter

Report No.:

We hereby certify that your report has been duly received by us.

Date: , 2010

Head of the entrusted institution

Documents to be submitted: N/a

Processing fee

N/a

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
### Foreign Investment Notification

<table>
<thead>
<tr>
<th>Transfer of Stock or Shares</th>
<th>Term of Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td>Immediate</td>
</tr>
</tbody>
</table>

#### Foreign-Invested Enterprise

<table>
<thead>
<tr>
<th>1. Name</th>
<th>2. Business Registration No.</th>
<th>4. Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean</td>
<td></td>
<td>Before Transfer or Reduction:</td>
</tr>
<tr>
<td>English</td>
<td></td>
<td>After Transfer or Reduction:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Address</th>
<th>5. Transferrer (Reducer)</th>
<th>6. Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Nationality</td>
</tr>
</tbody>
</table>

#### Transferee (if transferee is a foreign national)

<table>
<thead>
<tr>
<th>SPC</th>
<th>□ Yes</th>
<th>□ No</th>
<th>UCP of SPC</th>
<th>□ Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nationality</td>
</tr>
</tbody>
</table>

#### Details of Stock (Shares) to be Transferred (Reduced)

<table>
<thead>
<tr>
<th>9. Quantity</th>
<th>10. Par Value per Stock (Share)</th>
<th>11. Total Par Value of Stock (Shares)</th>
<th>12. Transfer or Reduction Price per Stock (Share)</th>
<th>13. Total Amount Transferred or Reduced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Quantity, Value and Percentage of Stock (Shares) held by Foreign Investor after Transfer or Reduction

<table>
<thead>
<tr>
<th>Shares</th>
<th>Won (USD)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other

In accordance with the Regulations stipulated in Article 23, Paragraph 1, of the Foreign Investment Promotion Act, the above notification is made.

**For the Delegated Authority**

For the Applicant

Notification No.: The above notification is confirmed.

Delegated Authority:

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Day</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Required Documents (Copies acceptable unless otherwise stated.)

1. Proof of the transfer or reduction of stock (shares).
2. Proof of the lender’s nationality (unless the transferee is a foreign investor in a foreign-invested enterprise as defined in Article 2, Paragraph 1, Item 5, of the Foreign Investment Promotion Act).

Processing Fee

Exempt

[Form No. 22] [Standard Paper 60 g/m² (Recycled Paper)]
Instructions

1. Please write, in both Korean and Roman characters (English where applicable), the name of the company issuing the stocks (or shares) that will be transferred or reduced.

2 ~ 3. Please write the registration number and address of the headquarters of the company named in section 1.

4. The amount of paid-in capital, before and after the transfer or reduction, must be written in Korean won.

5 ~ 6. Please state the nationality of the foreign party (either a natural or legal person) that will transfer or reduce stocks (or shares). His or her name must appear in Roman characters (English where applicable). If there are multiple foreign investors, please specify the appropriate information for each investor.

7 ~ 8. Not applicable to a domestic transferee (either a natural or legal person) of stocks (or shares). In the event that a foreign party (either a natural or legal person) is the transferee of the stocks (or shares), please specify the nationality of the foreign party. Names must appear in Roman characters (English where applicable). If there are multiple foreign transferees, please provide the information for each.

9 ~ 10. The applicant must disclose the content of the stocks (or shares) that will be transferred or reduced by the foreign party in section 5.

11. Applicants are obligated to disclose the quantity and value of all stocks (or shares) owned by the foreign party specified in sections 5 and 7 after the current transfer or reduction. For transfers, please express as a percentage the value of all stocks (or shares) owned by the foreign party specified in sections 5 and 7 relative to the total value of all stocks (or shares) issued by the company specified in section 1. For reductions, please express as a percentage the value of all stocks (or shares) owned by the foreign party specified in section 5 relative to the total value of all stocks (or shares) issued by the company specified in section 1.

12. If there are any other important matters relevant to the stock (or share) transfer or reduction, the applicant is obligated to disclose that information here.

Examples:
Payment by means of installment
Ex-post settling up after lump-sum payment

* An enterprise is usually considered as an SPC if it meets the following criteria: (i) The enterprise is a legal entity; (ii) The enterprise is ultimately controlled by a non-resident parent, directly or indirectly; (iii) The enterprise has no or few employees, little or no production in the host economy and little or no physical presence.

* A UCP is the direct investor at the top of the ownership chain, i.e. not controlled by any other entity.
Appendix 113

[Form No.23] <Amended on July 31, 2009> (Front side)

<table>
<thead>
<tr>
<th>Report on a contract for technological import (or report on a change)</th>
<th>Specified time for processing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Immediately</td>
</tr>
<tr>
<td>Technology importer</td>
<td>① Name</td>
</tr>
<tr>
<td></td>
<td>② Business registration No.</td>
</tr>
<tr>
<td>Technology exporter</td>
<td>③ Name</td>
</tr>
<tr>
<td></td>
<td>④ Nationality</td>
</tr>
</tbody>
</table>

### Content of the contract

<table>
<thead>
<tr>
<th>⑤ Products covered</th>
<th>⑥ Period</th>
<th>⑦ Period for royalty payment</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>⑧ Classification</th>
<th>⑨ Price</th>
<th>⑩ Method of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>won (= approximately US$)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>⑪ Content of the technology (Please mark “○” where applicable.)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of industrial property right</td>
<td>Provision of technological service</td>
<td></td>
</tr>
<tr>
<td>Granting the right to exercise industrial property right</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Provision of technological information and data</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To: the Minister of

I, the undersigned, hereby report (apply) as above under Article 25, Paragraph 1, of the Foreign Investment Promotion Act.

Date: , 2010

The reporter (Signed or sealed)

(or the agent) (Phone: )

To the reporter

Report No.: We hereby certify that your report has been duly received by us.

Date: , 2010.

Relevant Minister Official seal

* Documents to be submitted
A copy of the technological import contract (or change in an existing one) (together with a translation in Korea, in the event of one made in a foreign language)

Processing fee N/a

210mm x 297mm (Standard Paper 60g/m²[Recycled Paper])
[Form No.24] <Amended on July 31, 2009>

**Application for review/check of the list of imported goods (including capital goods)**

<table>
<thead>
<tr>
<th></th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Specified time for processing</td>
</tr>
<tr>
<td></td>
<td>3 days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Importer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>① Name</td>
<td>② Business registration No. (Phone No.)</td>
</tr>
<tr>
<td>③ Type of business</td>
<td>reported</td>
</tr>
<tr>
<td>④ Date of FDI report</td>
<td>⑤ FDI amount and ratio</td>
</tr>
<tr>
<td></td>
<td>won (= approximately US$), %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplier</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>⑥ Name</td>
<td>⑦ Nationality</td>
</tr>
</tbody>
</table>

| Description of       |                                                                 |
| imported goods       | ⑧ HSK Classification code                                         |
|                      | ⑨ Description                                                      |
|                      | ⑩ Quantity                                                         |
|                      | ⑪ Dimension                                                        |
|                      | ⑫ Manufacturer                                                     |
|                      | ⑬ Amount (in basis currency/currency used for import)               |

To: the head of the entrusted institution

I, the undersigned, hereby apply as above under the Foreign Investment Promotion Act, Article 38

Date: , 2010

The reporter (Signed or sealed)
(or the proxy) (Phone: )

To the applicant

We hereby certify that your application has been duly received by us.

Date: , 2010

Head of the entrusted institution

Official seal

*Documents to be submitted
A copy of a document verifying the price, such as an offer sheet

<table>
<thead>
<tr>
<th>Processing fee</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/a</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
The amount in ⑬ should be stated as follows:
1. In the event of import of capital goods with invested fund: Based on the currency selected at the time of the first import of capital goods ("basis currency") eligible for tax exemption under Article 116-5(4) of the Enforcement Decree of the Restriction of Special Taxation Act, provided that, if the currency used for import is different from the basis currency, the currency used for import should also be stated, with the exchange rate based on the one first announced on the date of the submittal of the application for review.
2. In the event of import of capital goods as means of investment: To be stated within the extent of the reported amount concerning capital goods investment.

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
**Application for confirmation of completion of in-kind investment**

<table>
<thead>
<tr>
<th>① Foreign investor’s Name</th>
<th>② Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Foreign-invested business**

<table>
<thead>
<tr>
<th>③ Name</th>
<th>④ Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Phone No.:       )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>⑤ Business registration No.</th>
</tr>
</thead>
</table>

**Content of report**

<table>
<thead>
<tr>
<th>⑥ Date of FDI report</th>
<th>⑦ FDI amount and ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>, 2010</td>
<td>won (= approximately US$ ) %</td>
</tr>
</tbody>
</table>

**Date of the customs office’s receipt of import declaration**

**Content of in-kind investment**

<table>
<thead>
<tr>
<th>⑧ Description</th>
<th>⑨ Quantity</th>
<th>⑩ Dimension</th>
<th>⑪ Manufacturer</th>
<th>⑫ Amount</th>
</tr>
</thead>
</table>

To: the Administrator of the National Customs Service

I, the undersigned, hereby apply for the confirmation of the completion of the in-kind investment under Article 30 of the Foreign Investment Promotion Act.

I □ agree □ do not agree that, in connection with the processing of this matter, the official in charge checks “matters related to the import declaration certificate” by means of the system for joint use of administrative information in accordance with Paragraph 1 of Article 21 of the Electronic Government Act.

Date: , 2010

The reporter (Signed or sealed)

(or the Proxy) (Tel: )

To the applicant

We hereby certify that your application has been duly received by us.

Date: , 2010

The Administrator of the National Customs Service

Documents to be submitted: A copy of the import declaration certificate
(It may be skipped if the applicant agrees to the above-said joint use of administrative information.)

Processing fee: N/a

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
GUIDE TO FOREIGN DIRECT INVESTMENT IN KOREA

[Form No. 80] (Amended on March 11, 2005)

| Term of Processing | 20 Days |

| Foreign Investor | ① Name | ② Nationality |

| Name of the Foreign Invested Company | ④ Business Registration No. |

| Content of Foreign Investment | ⑥ Business of Notification | ⑦ Date of Notification |

| Acquisition price of shares | USD | ⑧ Aggregate par value of shares | Won |

| Is the ratio of direct or indirect ownership of shares in accordance with paragraph 11 under article 116-2 of the Enforcement Decree of the Special Tax Treatment Control Act not less than 10 percent? | Yes | No |

| Method of Investment | ⑩ Cash Amount | Won | Capital in Kind | Won | Shares | Won |

| Real Estate | USD | Intellectual Property Right, etc. | USD | Won |

| Factory Location |

| Type | ⑪ New Investment | ⑫ Additional Investment | ⑬ The initial date of business operation |

| Content of Application for Tax Reduction or Exemption | ⑭ Legal Basis | Pursuant to Article 121-2. Paragraph 1, Item ( ) of the Special Tax Treatment Control Act |

| Reason for Tax Reduction or Exemption |

| Change of Content | Content of decision previously received for Tax Reduction or Exemption | Content of application for change in previous Tax Reduction or Exemption decision |

In accordance with Paragraph 6 of Article 121-2 of the Special Tax Treatment Control Act, this application is submitted by the undersigned.

Year Month Day

Applicant or Power of Attorney

(Signature or Seal)

(Telephone No.: )

To the Minister of Strategy and Finance

Required Document: A Copy of a document certifying or explaining the reason for tax reduction/exemption or a change in the content of tax reduction/exemption

Processing Fee

Exempt

210mm x 297mm (Standard Paper 60g/m² (Recycled Paper))
## Application Form for Prior Checking of Tax Reduction or Exemption

<table>
<thead>
<tr>
<th>Applicant</th>
<th>① Name</th>
<th>② Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>③ Address</td>
<td>(Telephone No.: )</td>
<td></td>
</tr>
</tbody>
</table>

### Content of Application

<table>
<thead>
<tr>
<th>④ Business of Intent</th>
<th>⑤ Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pursuant to Article 121-2,(1), Item( ) of the Special Tax Treatment Control Act</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>⑥ Legal basis</th>
<th>⑦ Reason for Tax Reduction or Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In accordance with Paragraph 7 of Article 121-2 of the Special Tax Treatment Control Law, this application is submitted by the undersigned.

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Day</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Applicant or Power of Attorney (Signature or Seal)
(or Power of Attorney) (Telephone No : )

To the Minister of Strategy and Finance

### Required Documents
A copy of a document certifying if a tax reduction/exemption applies.

<table>
<thead>
<tr>
<th>Processing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt</td>
</tr>
</tbody>
</table>

22226-86711 Civil – Affair Form

210mm × 297mm

Approved 99.5.19

(Standard Paper 60g/m² (Recycled Paper))
<table>
<thead>
<tr>
<th>Foreign-invested business</th>
<th>Report on business commencement date</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name</td>
<td>2. Business registration No.</td>
<td></td>
</tr>
<tr>
<td>5. Main place of business (Location)</td>
<td>(Phone No.: )</td>
<td></td>
</tr>
<tr>
<td>6. Address</td>
<td>(Phone No.: )</td>
<td></td>
</tr>
<tr>
<td>7. Type of business</td>
<td>8. Date of FDI report</td>
<td></td>
</tr>
<tr>
<td>9. Classification</td>
<td>10. Date of business registration</td>
<td></td>
</tr>
<tr>
<td>11. Business commencement date or date of registration of a change concerning capital increase</td>
<td>12. Date of decision on tax reduction/exemption</td>
<td></td>
</tr>
</tbody>
</table>

To: the head of the relevant tax office

I, the undersigned, hereby submit a report on the business commencement date under the Restriction of Special Taxation Act, its Enforcement Decree, Article 116-4.(1)

The reporter: (Signed or sealed)

To: the reporter

Report No.:

We hereby certify that your report has been duly received by us.

Date: , 2010

The head of the relevant tax office □

Documents to be submitted: N/a

Processing fee: N/a
Appendix

**Application for exemption of customs duties/special excise tax/VAT**

<table>
<thead>
<tr>
<th>Foreign investor’s name</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>③</strong> Date of FDI report</td>
<td><strong>④</strong> Date of decision on tax reduction/exemption (Reference number of the relevant document)</td>
</tr>
<tr>
<td><strong>⑤</strong> Name</td>
<td></td>
</tr>
<tr>
<td><strong>⑥</strong> Place of the imported capital goods installed</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Details of application for tax exemption</th>
<th>The limit of amount of the capital goods-related tax exemption</th>
<th>Amount of capital goods covered by this application for tax exemption</th>
<th>Accumulated amount of capital goods covered by applications for tax exemption made so far</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>⑦</strong> Capital goods stipulated in the Act, Article 121-3.(1).1</td>
<td>won (= approximately US$ )</td>
<td>won (= approximately US$ )</td>
<td>won (= approximately US$ )</td>
</tr>
<tr>
<td><strong>⑧</strong> Capital goods stipulated in the Act, Article 121-3.(1).2</td>
<td>won (= approximately US$ )</td>
<td>won (= approximately US$ )</td>
<td>won (= approximately US$ )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Details of the imported capital goods</th>
<th>HSK Classification code</th>
<th>Description</th>
<th>Dimension</th>
<th>Quantity</th>
<th>Supplier</th>
<th>Price (US$)</th>
</tr>
</thead>
</table>

To: the head of the relevant customs office

I, the undersigned, hereby apply as above under the Restriction of Special Taxation Act, Article 121-3.(3).

Date: , 2010

Applicant or Power of Attorney (or Power of Attorney) (Signature or Seal) (Telephone No: )

| Processing fee | N/a |

* Documents to be submitted
1. A copy of a document verifying the status of a business eligible for exemption of corporate tax under the Restriction of Special Taxation Act, Article 121-2.(1)
2. A copy of a document verifying the status of the capital goods eligible for the application of the Restriction of Special Taxation Act, Article 121-3.(1), subparagraphs
3. A copy of the confirmation letter about the capital goods as those eligible under Article 38.(2) of the Enforcement Decree of the F IPA, its Enforcement Decree,

* Notes
In **⑦, ⑧** above, please state each amount of the capital goods excluding the portion not eligible for tax exemption under the Restriction of Special Taxation Act, its Enforcement Decree Article 116-2.(11). In **⑧**, please provide the amount for each foreign investor. In “basis currency” in **⑦**, please state each under Article 116-5.(4) of the Enforcement of the Restriction of Special Taxation Act.