Korean Tax Update

Samil Commentary

April 15, 2024

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Tax News

Government Unveils Plans to Reduce Corporate Income Tax and Dividend Income Tax Burden for Companies Enhancing Shareholder Returns

In February, the government announced plans to support listed companies actively participating in strategic initiatives aimed at enhancing corporate value for shareholders. As part of these efforts, the Ministry of Economy and Finance unveiled tax measures during a recent meeting of capital market development experts on March 19, 2024. The measures considered by the Ministry include a reduction in corporate income tax on a certain portion of increases in shareholder value when companies demonstrate strategies focused on enhancing shareholder returns, such as through dividend payments and the cancellation of treasury stock. Additionally, the government is considering reducing the dividend income tax burden for shareholders of companies that expand dividend payments, with the goal of providing significant benefits to shareholders. Specific details regarding the eligible scope and measures for tax reductions will be determined through public consultation and financial simulations.

Government Plans to Revive the Construction Industry, Offering Tax Benefits for CR REITs Purchasing Unsold Units of New Housing in Local Areas

On March 28, the government announced plans to revive the construction industry including tax support related to investments in unsold units of new housing in local areas. These measures involve the participation of the state-owned Korea Land & Housing Corporation (LH) and corporate restructuring real estate investment trusts (CR REITs). The government is considering a 25% reduction in acquisition tax (subject to an amendment of the tax law) for purchases of land owned by financially distressed business places of construction companies through a reverse auction. Additionally, a tax benefit is under consideration for CR REITs that purchase unsold new houses and apartment units concentrated in local areas. Specifically, for CR REITs which acquire unsold properties located in local areas, they will not be subject to a higher rate of acquisition tax that typically applies to the acquisition by the owners of multiple properties. Moreover, properties purchased by CR REITs would not be included as “other assets” for determining the comprehensive real estate holding tax base. These measures aim to facilitate the disposal of unsold housing units predominantly located in local areas, thereby alleviating liquidity issues stemming from a recession in the construction market.

Korea’s Tax Expenditure Plan for 2024 was Approved

The country's tax expenditure plan for 2024 was approved in a cabinet meeting held on March 26, 2024. According to the MOEF's projections, national tax exemptions or reductions are anticipated to reach KRW 77.1 trillion in 2024, with a tax exemption ratio of 16.3%. This marks an increase from the figures estimated in 2023 at KRW 69.5 trillion and 15.8%, respectively. The tax expenditure plan for 2024 aims to maintain a balanced exemption ratio, ensuring it does not exceed a predefined threshold. This objective is pursued through a series of strategic initiatives that include: i) reinforcing tax benefits to promote corporate investment and research & development activities.; ii) expanding support for national strategic industries as well as new growth and source technologies to bolster competitiveness and expand domestic production bases; iii) increasing assistance for companies employing young people, female workers returning to work after a long time without working for certain reasons, etc., and individuals with disabilities to enhance social mobility through employment opportunities; iv) defining measures to implement the Corporate Value-up Program. v) maintaining tax reliefs to alleviate the tax burden on the underprivileged; and vi) restricting the introduction of new exemptions or reductions deemed unnecessary. The MOEF will seek to garner reviews and recommendations from various government ministries regarding the tax expenditure plan which will then be subject to ministerial deliberations to be finally reflected in the MOEF's tax reform proposals for 2024.

NTS Revenue Collection Declines 12.6% to KRW 335.7 Trillion in 2023

According to the quarterly national tax data released by the National Tax Service (NTS) at the end of March, the NTS collected tax revenues of KRW 335.7 trillion in total in 2023. This figure represents a 12.6% (or KRW 48.5 trillion) decline from the previous year’s collection in tax revenues of KRW 384.2 trillion in 2022. By major tax category, the largest portion of tax revenue collection came from individual income tax, amounting to KRW 115.8 trillion which is 34.5% of the total taxes collected. The second largest portion was corporate income taxes at KRW 80.4 trillion (23.9% of total revenues) and value added taxes (VAT) of KRW 73.8 trillion (22.0%). Other taxes collected by the NTS break down to: inheritance and gift tax (KRW 14.6 trillion), transportation, energy, and environment tax (KRW 10.8 trillion) and individual consumption tax (KRW 8.8 trillion). The tax revenues collected by the NTS constituted 97.6% of the total collection of national taxes. The tax collection by the NTS increased by 0.6% compared to the previous year of 2022. In addition to the taxes indicated above, the total national taxes also include customs duties and special rural development taxes levied on reduced customs duties and local taxes.

Changes in Tax Laws

Amended Presidential Decree of the Local Tax Law

Background of Amendment

Under a recent amendment to the Local Tax Law, for calculating the tax base on the acquisition of assets by transfer for consideration, the payer of the acquisition price shall be a person liable to pay taxes (taxpayer), a trustor in case of acquisition through a trust under relevant law, or any prescribed persons making payment for acquisition. Additionally, the amended Law mandates that the corporate taxpayer liable to pay acquisition tax provide ledgers and evidentiary documents to substantiate the acquisition price at the time of acquisition. These amendments come into effect on April 1, 2024, four months after the relevant proclamation on December 29, 2023, and apply to tax liability arising on or after April 1, 2024. The amended Presidential Decree further clarifies the entity responsible for payment. Specifically, it includes related parties of the taxpayer in the scope of the payer of the acquisition price. The Presidential Decree also specifies the types of ledgers and documents that a corporation must maintain to prove the acquisition price as well as documents that can confirm changes in the register of the corporation's shareholders. In order to meet changing demands for housing and boost housing supply markets, when an individual acquires a small new house or a rental property owner acquires such a house for rental purposes, the small house acquired would not be counted when deciding the acquisition tax rate over the next two years (from January 10, 2024 through December 31, 2025). (Proclaimed and enforced on March 26, 2024)

Amended Presidential Decree of the Special Tax Treatment Control Law

Background of Amendment and Key Points

Individuals who earned only non-taxable income in the immediately preceding tax year face limitations when opening savings accounts eligible for special tax treatment. Such accounts include long-term collective investment securities savings accounts specifically targeting young people, as well as the government-supported special savings account for young people, so-called 'Youth Leap Savings Account.' However, an amendment to the Presidential Decree ensures that young individuals who received salaries while engaging in military service, which is also categorized as non-taxable income, are not treated as having non-taxable income only. This amendment allows them to open these special savings accounts, thereby assisting those serving in the military or recently discharged in amassing wealth. (Proclaimed and enforced on March 28, 2024)

Amended Enforcement Rule of the Corporate Income Tax Law

Background of Amendment and Key Points

In a bid to rationalize the taxation framework for land development projects, the amended Presidential Decree of the CITL introduces a special tax treatment of land sale proceeds that will be included as taxable income. The amended Enforcement Rule sets forth the scope of land development projects eligible for the special tax treatment and necessary matters for enforcement. Notably, urban development projects under the Urban Development Law are included to benefit from the special tax treatment. Furthermore, in response to recent interest rate hikes, adjustments have been made to the interest rate applied when calculating the amount of business income derived from renting real estate. The rate has been raised from 29/1,000 to 35/1,000 per annum. In addition, considering mold replacement cycles across industrial sectors, the amended Enforcement Rule modifies the standard useful life for molds to five years, irrespective of industry classification. (Proclaimed and enforced on March 22, 2024)

Amended Enforcement Rule of the Individual Income Tax Law

Background of Amendment

In order to boost construction markets, the recent amendments to the Presidential Decree of the Law temporarily exempted small new houses meeting certain requirements and unsold new houses from higher rates of capital gains tax. In line with these changes, the amended Enforcement Rule of the Law stipulates specific matters required for their enforcement. Notably, it sets forth the eligibility criteria for small new houses to be exempt from higher capital gains tax rates, including the requirement that the buyer must be the first to enter into a sales contract for such a house. Reflecting the recent interest rate hikes, adjustments have been made to the interest rate applied when calculating the amount of business income derived from real estate rental. The rate has been raised from 29/1,000 to 35/1,000 per annum. To alleviate the tax burden on micro-businesses, the amended Enforcement Rule allows the whole amount of unused deductions carried forward, such as depreciation expenses for business cars, to be treated as tax-deductible in the tax year in which the business closure occurs. (Proclaimed and enforced on March 22, 2024)

Amended Enforcement Rule of the Special Tax Treatment Control Law

Background of Amendment and Key Points

The recently amended Law provides for an additional tax credit, on top of the basic tax credit, in relation to expenditure incurred for video content production. Moreover, special tax treatment is introduced for investments in overseas natural resources exploration projects. In line with these amendments, the amended Enforcement Rule sets forth procedures for claiming the newly introduced tax credits and special tax treatment, providing the application forms for these benefits. The amended Presidential Decree has simplified the method of calculating the total salary amounts for individuals opening savings accounts eligible for tax relief. In the case where the exact salary amount for the preceding taxable period is unavailable, the Presidential Decree allows for determination based on the total salary amount of the year before the previous tax year. In this respect, the amended Enforcement Rule refines the written verification form for total salary amount required to open savings accounts with tax relief. In addition, the amended Enforcement Rule expands the scope of facilities qualified for investment tax credits. Notably, manned and unmanned complex system manufacturing facilities, as well as hydrogen reduction steelmaking facilities, are included in the list of eligible facilities to commercialize new growth and source technologies as well as national strategic technologies. (Proclaimed and enforced on March 22, 2024)

Amended Enforcement Rule of the Value Added Tax Law

Background of Amendment and Key Points

The amended Presidential Decree of the VAT Law has expanded the scope of VAT-exempt medical and healthcare services to include those services rendered by those delegated by central and local governments, as per regulations established by the MOEF. In line with this amendment, the amended Enforcement Rule of the Law extends VAT exemption to medical and healthcare services offered by those delegated to install and operate facilities aimed at safeguarding and improving the health of individuals providing labor in accordance with the Occupational Safety and Health Law. Furthermore, in a bid to support R&D initiatives, the amended Enforcement Rule includes the Korea Institute of Ocean Science and Technology, established under the Korea Institute of Ocean Science and Technology Law, in the scope of science and technology R&D facilities eligible to be exempt from VAT on imported scientific goods. (Proclaimed and enforced on March 22, 2024)

Amended Enforcement Rule of the Inheritance and Gift Tax Law

Background of Amendment and Key Points

A recent amendment to the Inheritance and Gift Tax Law has introduced provisions enabling a corporation entrusted with examining the prepared audit report of a public interest corporation, etc. to receive the supervision service fee from the auditor. In alignment with this amendment, the amended Enforcement Rule specifies that the Korea Institute of Certified Public Accountants may receive remuneration of up to 1% of the auditor's audit fees for its supervision services. Furthermore, as mandated by the amended Presidential Decree of the Law, the revised Enforcement Rule improves the forms of gift tax returns. Specifically, it includes information on deductions related to gifted property acquired by virtue of marriage or childbirth. Additionally, the classification method for gifted property is refined by introducing distinct property type codes for items such as calligraphy and antiques, etc. (Proclaimed and enforced on March 22, 2024)

Amended Enforcement Rule of the Law for Coordination of International Tax Affairs

Background of Amendment

Under the recently amended Law for Coordination of International Tax Affairs and the Presidential Decree of the Law, significant amendments have been made to: i) introduce GloBE Rules designed to prevent tax avoidance strategies through profit shifting and base erosion employed by multinational groups; ii) adjust the scope of automatic exchange of tax information to facilitate inter-governmental cooperation in exchanging financial data; and iii) mandate residents or domestic companies to disclose information pertaining to overseas trusts they have created. In alignment with these amendments, the Enforcement Rule of the Law has been amended to provide detailed guidelines and procedures for effective enforcement as follows: i) specify the criteria for determining the corporations subject to GloBE Rules; ii) stipulate detailed standards for adjustments to financial accounting net income and loss, which are essential for accurate calculation of GloBE income and loss; iii) provide specific guidelines for calculating the net income or loss of international shipping businesses, which are excluded from GloBE income and loss calculations; and iv) provide the forms required to use for reporting GloBE information. Moreover, the amended Enforcement Rule sets forth the necessary information requirements and submission procedures for financial transactions subject to automatic information exchange. It also provides the forms for reporting information on overseas trusts and other details, as mandated by the amended Presidential Decree. (Proclaimed and enforced on March 22, 2024)

Changes in Other Tax Laws

- Presidential Decree of the Basic Local Tax Law (Proclaimed and enforced on March 26, 2024)
- Presidential Decree of the Local Tax Collection Law (Proclaimed and enforced on March 26, 2024)
- Rules for the Application of a Tariff-rate Quota under Article 71 of the Customs Act (Proclaimed and enforced on March 29, 2024)
- Enforcement Rule of the Basic National Tax Law (Proclaimed and enforced on March 26, 2024)
- Enforcement Rule of the National Tax Collection Law (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule of the Comprehensive Real Estate Holding Tax Law (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule of the Individual Consumption Tax Law (Proclaimed and enforced on March 22, 2024).
- Enforcement Rule of the Customs Act (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule concerning the Special Treatment of the Customs Act for the Implementation of Free Trade Agreements (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule of the Law on Special Cases Concerning the Refund of Customs Duties Levied on Raw Materials for Export (Proclaimed and enforced on March 22, 2024)

- Enforcement Rule of the Special Regulations regarding the Application of Zero-rate VAT and Exemption from VAT for Equipment and Petroleum Products for Agriculture, Livestock, Forestry, and Fishing Industry (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule of the Liquor Tax Law (Proclaimed and enforced on March 22, 2024)
- Enforcement Rule of the Law for Liquor Licenses, Etc. (Proclaimed and enforced on March 22, 2024).
- Enforcement Rule of the Local Tax Law (Proclaimed and enforced on March 26, 2024)
- Enforcement Rule of the Basic Local Tax Law (Proclaimed and enforced on March 26, 2024)
- Enforcement Rule of the Local Tax Collection Law (Proclaimed and enforced on March 26, 2024)
- Enforcement Rule of the Special Tax Treatment Control Law (Proclaimed and enforced on March 29, 2024)

Rulings Update

Whether special rural development tax should be exempted where a reduced rate of acquisition tax applies on property acquired in a designated metropolitan area

Where a taxpayer claims certain tax exemptions, reductions or credits under the Special Tax Treatment Control Law, etc. a 20% special rural development tax ('special surtax') is levied on the tax exemptions, etc. under Article5(1)(1) of the Special Tax for Rural Development Law (STRDL). In this regard, under Article 2(1) of the STRDL (i.e. Definition), the "exemption" subject to the special surtax includes cases where acquisition tax, etc. is reduced or exempted under the Special Local Tax Treatment Control Law (SLTTCL), etc., which fall under any of the prescribed cases, including: non-taxation, tax exemption, tax reduction, tax credit or income deduction, or special tax rates for acquisition tax under Article 15(1) of the Local Tax Law is applied, among others.

In this case, a real estate fund acquired property in a designated metropolitan area and availed itself of a reduced acquisition tax liability from a heavy tax rate to a normal tax rate for such acquisitions according to Article 180-2(1)(2) of the SLTTCL. The issue in this case pertained to whether the special surtax should be imposed on a reduction in acquisition tax, treating it as the "exemption" under the STRDL.

Despite an existing interpretation by the MOEF (Tax Relief Division of the MOEF-710, 2022.10.8) that the exclusion from the application of a heavy tax rate according to Article 180-2(1)(2) of the SLTTCL, which results in a reduction in acquisition tax, would not constitute "exemption" subject to the special surtax, the tax authorities took a position that the concerned exclusion from a heavy tax rate should be regarded as an "exemption" for the special surtax purposes and thus this special surtax should be levied on the reduction in acquisition tax. The tax authorities' position is mainly based on the Supreme Court's ruling (*Daebeop2022du66125, 2023.3.16*.), which interpreted the exclusion from heavy tax rates as a form of "exemption" in applying the rules for excluding the duplicated application of exemptions under the SLTTCL (Article 180 of the old SLTTCL, effective before the amendment on March 14, 2023). According to the rules for excluding the duplicated application of exemptions, if two or more special local tax provisions are applicable to the same tax subject and tax item, only the provision offering the greater reduction in tax amount shall be applied.

However, the Tax Tribunal decided against the tax authorities that the exclusion from heavy tax rates would not fall under the "exemption" subject to the special surtax. The Tribunal's decision is mainly based on the following grounds: i) the STDRL does not explicitly state the exclusion from heavy tax rates as a taxable item for the special surtax purpose; ii) as indicated by the MOEF's authoritative interpretation, the exclusion from heavy tax rates is considered not subject to the special surtax (*Joshim2023jee5596, 2024.3.14, etc*.). The Tribunal's ruling implies that, contrary to the tax authority's position, the specific Supreme Court ruling that construed the exclusion from heavy tax rates as an "exemption" should be applied on a limited basis within the context of the rules for excluding the duplicated application of exemptions under the SLTTCL.

Observation: In essence, this case implies an inconsistency in drawing conclusions regarding the duplicated application of exemptions under the SLTTCL and the assessment of special surtax under the STRDL. Specifically, when the exclusion from heavy acquisition tax rates is applied to properties acquired by real estate investment trusts, real estate funds, or project financing vehicles, resulting in a reduction in acquisition tax, other exemption or reduction provisions would not be available to the properties under the rule for excluding the duplicated application of exemptions under the SLTTCL. Conversely, in such cases, there would be no special surtax imposed on the reduction in acquisition tax since the exclusion from heavy tax rates does not fall under the “exemption” subject to the special surtax.

Whether new shares acquired through a capital increase should be considered in determining the eligibility for tax credits for acquisition of technology innovation-type shares

Where a domestic company (the "acquiring company") acquires shares in a technology innovative small and midsize enterprise (SME), including a venture firm (the "acquired company"), from a person other than the acquired company's related party, Article 12-4 of the Special Tax Treatment Control Law (STTCL) provides for a 10% tax credit for the acquiring company's acquisition of shares in such SMEs (referred to as the "tax credit in question"). To be eligible for the tax credit in question, Article 12-4(1) (2) of the STTCL stipulates that the acquiring company must meet the “share acquisition requirement” that the number of shares acquired must exceed 50% of the total number of outstanding shares of the acquired company (or 30% if the acquiring company exercises the management right).

In this case, the acquiring company acquired more than 50% of the shares in the acquired company through the purchase of existing shares (12%) from existing shareholders and the acquisition of new shares (43%) issued by a technology innovative SME on the same day. The key issue is whether the acquiring company can be treated as meeting the share acquisition requirement of more than 50% acquisition for the tax credit in question by including the new shares issued by the acquired company for consideration received from the acquiring company when calculating the share acquisition percentage of the acquiring company.

In this case, the MOEF and the NTS interpreted that when determining whether to meet the share acquisition requirement for the tax credit in question, new shares issued by the acquired company through capital increase are not included in the shares acquired by the acquiring company. This interpretation was based on the following considerations: i) one of the criteria for the tax credit in question specifies that a shareholder of the acquired company cannot be a controlling shareholder of the acquiring or the acquired company until the end of the fiscal year to which the share transfer date belongs (Article 12-4(1)(4) of the old STTCL); ii) this criterion implies that the tax credit in question applies based on the acquisition of existing shares owned by existing shareholders in the acquired company; and iii) the tax credit in question is intended to facilitate a venture startup founder's easier repatriation of an initial investment. Therefore, the exclusion of the acquisition of new shares issued by the acquired company through the capital increase is consistent with this legislative intent. (*Corporate Taxation Division of the MOEF-44, 2024. 1. 22, Seomyeon-2023-Beobgyubeobin-0683, 2024. 1. 24*.).

Observation: This ruling provides further guidance on the share acquisition requirement for the tax credit granted to the acquisition of shares in a technology innovative SME. When assessing whether the share acquisition percentage exceeds the 50% threshold (or 30% in case of the exercise of management right) for the tax credit in question, it is necessary to note that only the existing shares acquired from existing shareholders in the acquired company should be considered.

Whether an income tax reduction would be eligible for savings deposits received by youth workers after the transition from a middle-scale company to a large company

The "Youth Workers Savings Deduction" (referred to as the 'YWSD' program) is a strategic initiative designed to enhance the financial well-being of youth workers. This scheme aims to promote sustained youth employment within SMEs and middle-scale companies by facilitating collaborative deposit-sharing among youth workers, employers and the government. The tax law provides for a 30% to 90% reduction in individual income tax on the amount of employer contributions to the YWSD program when qualifying workers receive deposits in these savings accounts in the form of performance compensation offered by the contributing company. (*Article 29-6 of the STTCL*)

This case involves a middle-scale company which had enrolled in the YWSD program and made employer contributions and later, the company status was changed from a middle-scale to a large company at the time when its youth workers received deposits in the savings account under the YWSD program. The issue is whether the individual income tax reduction would apply to youth workers with respect to the amount of employer contributions where the deposits are received after the company's transition to a large company. Regarding this, a tax ruling issued by the NTS ruled that the individual income tax reduction for the savings received by youth workers would remain available regardless of the company's transition from a middle-scale to a large company. (*Advance Ruling-2023-beobgyusodeuk-0723,2024.3.14*)

This authoritative interpretation indicates that the status of the contributing company as a qualifying SME or middle-scale company that is eligible for the individual income tax reduction should be determined at the time when the company enrolls in the YWSD program, rather than the time when the savings deposits are received by the company's employees. This interpretation seems to take into the following considerations: i) the literal text of the income tax reduction rule for the YWSD suggests that the critical timing for determining whether a company qualifies as an SME or middle-scale company can be construed as the point when the company enrolls in the YWSD program. In other words, it emphasizes the company's enrollment in the program as the pivotal factor in determining the eligibility; and ii) excluding the individual income tax benefit for workers solely due to a company's transition from SME or middle-scale to large company during the eligible period would not be aligned with the legislative purpose behind the YWSD program that aims to foster long-term employment within SMEs and middle-scale companies.

Observation: Therefore, it is critical to ensure that the individual income tax reduction should not be overlooked when workers receive savings deposits upon maturity, especially during a transition from SME or middle-scale to large company within the eligible period. Similar to the YWSD program, an individual income tax reduction is available to encourage youth workers to service for SMEs under Article 30 of the STTCL. When applying Article 30 of the STTCL, it is important to note that tax authorities consistently maintain a position that if a company ceases to qualify as an eligible SME, the reduction in individual income tax will not be available. (*Advance Ruling-2021-Beobryeonghaeseoksodeuk-0866, 2021.12.23, etc*.)

Whether a deemed acquisition tax liability would arise in case a taxpayer becomes a controlling shareholder in a company that acquires real property on the same day

According to Article34(1) the Basic Local Tax Law (BLTL), an acquisition tax liability shall arise at a time when a taxable item is acquired. Additionally, where a person, together with its related parties, becomes a controlling shareholder (i.e. a shareholder owning more than 50% of shares in an unlisted company) by acquiring additional shares or interest in the company (Article 46 (2) of the BLTL), the controlling shareholder shall be deemed to have acquired certain properties, such as real property, owned by the company and be subject to deemed acquisition tax on the properties (Article 7(5) of the Local Tax Law). The central issue in this case pertains to whether a deemed acquisition tax liability would arise in relation to the real property acquired by the company on the same day when the taxpayer became a controlling shareholder in the company.

In a previous ruling, the Seoul High Court held that the determination of deemed acquisition tax liability centers on "when" a taxpayer becomes a controlling shareholder and "when" the company acquires a taxable item. The Court interpreted that the meaning of "when" would go beyond a mere date to a specific time of the day and therefore, the resulting tax liability depends on the order in which these events occur. (*Seoulgobeop2010nu37874, 2011.9.7*). Furthermore, the Ministry of Interior & Safety (MOIS) has clarified that if a company acquires real property after a person becomes a controlling shareholder in the company, this subsequent acquisition should not trigger a deemed acquisition tax liability. (*Local Tax Policy Division of the MOIS-681, 2024.2.20, etc*.)

In the past, authoritative interpretations and tribunal rulings suggested that when a controlling shareholder acquires shares in a company and the company acquires real property on the same day, a deemed acquisition tax liability would arise, regardless of the sequence of these events. (*Sejeong13407-206,2001.8.10, Joshim2009jee0960,2010.2.2, Gamshim2002-0068,2002.5.7*) However, recent authoritative interpretations, including the present case, indicate a different perspective. They emphasize that if a shareholder establishes their status as a controlling shareholder in a company first, followed by the company's acquisition of the real property, even if both the events occur on the same day, no deemed acquisition tax liability arises for the controlling shareholder in relation to the subsequent acquisition of the property by the company. (*Real Property Tax Policy Division of the MOIS-2064,2021.7.29*)

Observation: In light of recent authoritative interpretations, it is clarified that in cases where a person becomes a controlling shareholder in a company by acquiring shares or increasing the person's shareholding and the company acquires real property on the same day, the timing of these acquisitions is crucial. Specifically, if the shareholder's acquisition of shares occurred prior to the company's acquisition of real property, it is noteworthy that no deemed acquisition tax liability is triggered from the acquisition of the property by the company.

Contacts

Robert Browell
+82-2-709-8896
robert.browell@pwc.com

Kyoung Soon Lee
+82-2-3781-9982
kyoungsoon.lee@pwc.com

Han-Chul Cho
+82-2-3781-2577
han-chul.cho@pwc.com

Jae-Hoon Jung
+82-2-709-0296
jae-hoon_3.jung@pwc.com

Tae-Hoon Kim
+82-2-3781-2348
taehoon.kim@pwc.com

Seong-Deok Kong
+82-2-709-7056
seongdeok.kong@pwc.com

Young-Hyun Jo
+82-2-3781-9238
young-hyun.jo@pwc.com

Min-Jae Lee
+82-2-709-8320
min-jae_1.lee@pwc.com

삼일회계법인 서울특별시 용산구 한강대로 100 (04386)
www.samil.com I Email I 02-3781-3131