

# FOREIGN INVESTMENT PROMOTION ACT

Act No. 5559, Sep. 16, 1998  
Amended by Act No. 5654, Jan. 21, 1999  
Act No. 5758, Feb. 5, 1999  
Act No. 5914, Feb. 8, 1999  
Act No. 5911, Feb. 8, 1999  
Act No. 5893, Feb. 8, 1999  
Act No. 5827, Feb. 8, 1999  
Act No. 5982, May 24, 1999  
Act No. 6095, Dec. 31, 1999  
Act No. 6193, Jan. 21, 2000  
Act No. 6317, Dec. 29, 2000  
Act No. 6406, Jan. 29, 2001  
Act No. 6452, Mar. 28, 2001  
Act No. 6460, Apr. 7, 2001  
Act No. 6643, Jan. 26, 2002  
Act No. 6642, Jan. 26, 2002  
Act No. 6842, Dec. 30, 2002  
Act No. 7039, Dec. 31, 2003  
Act No. 7281, Dec. 31, 2004  
Act No. 7678, Aug. 4, 2005  
Act No. 7754, Dec. 23, 2005  
Act No. 7849, Feb. 21, 2006  
Act No. 7864, Mar. 3, 2006  
Act No. 8852, Feb. 29, 2008  
Act No. 8976, Mar. 21, 2008  
Act No. 8974, Mar. 21, 2008  
Act No. 9071, Mar. 28, 2008  
Act No. 9037, Mar. 28, 2008  
Act No. 9239, Dec. 26, 2008  
Act No. 9313, Dec. 31, 2008  
Act No. 9374, Jan. 30, 2009



Act No. 9401, Jan. 30, 2009  
Act No. 9407, Feb. 3, 2009  
Act No. 9432, Feb. 6, 2009  
Act No. 9774, jun. 9, 2009  
Act No. 10232, Apr. 5, 2010  
Act No. 10272, Apr. 15, 2010  
Act No. 10310, May 25, 2010  
Act No. 10339, jun. 4, 2010  
Act No. 10801, jun. 15, 2011  
Act No. 10892, Jul. 21, 2011  
Act No. 11029, Aug. 4, 2011  
Act No. 11020, Aug. 4, 2011  
Act No. 11042, Sep. 15, 2011  
Act No. 11232, Jan. 26, 2012  
Act No. 11535, Dec. 11, 2012  
Act No. 11690, Mar. 23, 2013  
Act No. 12225, Jan. 10, 2014  
Act No. 12592, May 20, 2014  
Act No. 13082, Jan. 28, 2015  
Act No. 13426, Jul. 24, 2015  
Act No. 13854, Jan. 27, 2016  
Act No. 14839, Jul. 26, 2017



**Article 1 (Purpose)**

The purpose of this Act is to promote foreign investment in Korea by providing necessary support and benefit and to contribute to the sound development of the nation's economy.

**Article 2 (Definitions)**

(1) The terms used in this Act are defined as follows: <Amended by Act No. 13854, Jan. 27, 2016>

1. The term "foreigner" means an individual with a foreign nationality, a corporation established in accordance with a foreign law (hereinafter referred to as "foreign corporation"), or an international economic cooperative organization prescribed by Presidential Decree;
2. The term "national of the Republic of Korea" means an individual who has the nationality of the Republic of Korea;
3. The term "Korean corporation" means a corporation established in accordance with the Acts of the Republic of Korea;

4. The term "foreign investment" means any of the following:
- (a) Where a foreigner holds stocks or shares (hereinafter referred to as "stocks, etc.") of a Korean corporation (including a Korean corporation in the process of establishment; hereafter the same shall apply in (i) below) or a company run by a national of the Republic of Korea, as prescribed by Presidential Decree, by any of the following methods in order to establish a continuous economic relationship with the Korean corporation or company, such as participating in the management of such Korean corporation or company in accordance with this Act;
  - (b) A loan with maturity of not less than five years (based on the loan maturity prescribed in the first loan contract), which is provided to a foreign-capital invested company by any of the following entities:
  - (c) Where a foreigner contributes to a nonprofit corporation pursuant to this Act in order to establish a continuous cooperative relationship with the corporation which satisfies the standards prescribed by Presidential Decree in terms of research personnel, facility, etc. and which is a corporation (including a corporation in the process of establishment) of the Republic of Korea in the field of science and technology;
  - (d) Other contributions to a non-profit corporation by a foreigner, which the Foreign Investment Committee established under Article 27 (hereinafter referred to as the "Foreign Investment Committee") recognizes as a foreign investment in accordance with the standards prescribed by Presidential Decree regarding the business contents, etc. of the non-profit corporation;
5. The term "foreign investor" means a foreigner who holds stocks, etc. or has contributed as prescribed by this Act;
6. The term "foreign-capital invested company or foreigner-contributed nonprofit corporation" means a company in which a foreign investor has invested, or a nonprofit corporation to which a foreign investor has contributed;
7. The term "operator of establishments built to improve a foreign-investment environment" means any person who operates establishments prescribed by Presidential Decree, including schools and medical institutions for foreigners, in order to improve a foreign investment environment;
8. The term "object of investment" means any object in which a foreign investor invests in order to hold stocks, etc. under this Act, and which is any of the following:
- (a) A means of international payment as defined under the Foreign Exchange Transactions Act or a means of domestic payment incurred by the exchange of such a means of international payment;
  - (b) Capital goods;
  - (c) Proceeds from the stocks, etc. acquired under this Act;
  - (d) Industrial property rights, intellectual property rights prescribed by Presidential Decree, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies;
  - (e) Where a foreigner closes his/her own branch company or office in Korea and converts the branch company or office into another domestic corporation, or where a domestic corporation, the stocks of

which are held by a foreigner, is dissolved, the residual property to distributed to the foreigner upon liquidation of such branch company, office, or corporation;

(f) The amount of redemption of loans referred to in subparagraph 4 (b) or of other loans from foreign countries;

(g) Stocks prescribed by Presidential Decree;

(h) Real estate located in Korea;

(i) Other means of domestic payment prescribed by Presidential Decree;

9. The term "capital goods" means machinery, apparatus, facilities, equipment, parts, and accessories as industrial facilities (including vessels, motor vehicles, aircraft, etc.), livestock, breeds or seeds, trees, fish and shellfish which are necessary for the development of agriculture, forestry, and fisheries, raw materials and reserve stocks deemed necessary by the competent Minister (referring to the head of the central administrative agency in control of the project concerned; hereinafter the same shall apply) for the initial test (including pilot projects) of the facilities concerned, and the fees for transportation and insurance required for the introduction thereof and other know-how or service necessary therefor;

10. Deleted. <by Act No. 13854, Jan. 27, 2016>

(2) For the purposes of this Act, the provisions of this Act concerning foreigners shall apply to individuals prescribed by Presidential Decree among nationals of the Republic of Korea who hold permanent residency in a foreign country. <Amended by Act No. 13854, Jan. 27, 2016>

### **Article 3 (Protection, etc. of Foreign Investment)**

(1) Remittance of proceeds accruing from the stocks, etc. acquired by a foreign investor, proceeds from the sale of stocks, etc., and the principal, interests, and service charges paid under the loan contract referred to in Article 2 (1) 4 (b) to a foreign country, shall be guaranteed in accordance with the details of the report or permission of the foreign investment at the time of such remittance. <Amended by Act No. 13854, Jan. 27, 2016>

(2) Except as otherwise prescribed by other Acts, foreign investors and foreign-capital invested companies shall be treated in the same manner as nationals of the Republic of Korea or Korean corporations are treated in respect of their business operation.

(3) Except as otherwise prescribed by other Acts, the provisions concerning tax exemptions and reductions of the tax Acts applied to nationals of the Republic of Korea or Korean corporations shall also apply to foreign investors, foreign-capital invested companies, and persons who grant loans under Article 2 (1) 4 (b). <Amended by Act No. 13854, Jan. 27, 2016>

(4) Matters necessary concerning procedures for remittance foreign countries under paragraph (1) shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 13854, Jan. 27, 2016>

### **Article 4 (Liberalization, etc. of Foreign Investment)**

(1) Except as otherwise prescribed by the Acts of the Republic of Korea, a foreigner may engage in, without restraint, various activities of foreign investment in the Republic of Korea.

(2) No foreigner shall be restricted from making any foreign investment prescribed in this Act, except in the following circumstances:

1. Where he/she threatens national security and public order;
2. Where he/she has harmful effects on public health and sanitation or environmental preservation or is against Korean morals and customs;
3. Where he/she violates any Act or statutes of the Republic of Korea.

(3) The categories of businesses in which foreign investment is restricted in accordance with any of the subparagraphs of paragraph (2) and the details of restrictions shall be prescribed by Presidential Decree.

(4) Where the head of a relevant administrative agency restricts foreign investment, such as treating foreigners or foreign-capital invested companies unfavorably compared to Korean nationals or Korean corporations, or charging additional liabilities to foreigners or foreign-capital invested companies, in other Acts and statutes or public notices than this Act, the Minister of Trade, Industry and Energy shall combine and publicly announce the details thereof each year, as prescribed by Presidential Decree. If the head of a relevant administrative agency intends to amend or add any restriction, he/she shall seek prior consultation with the Minister of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 4-2 (Formulation, etc. of Plans to Stimulate Foreign Investment)**

(1) In order to stimulate foreign investment, the Minister of Trade, Industry and Energy shall formulate a plan to stimulate foreign investment (hereinafter referred to as "stimulus plan") each year by integrating and coordinating plans to stimulate foreign investment submitted by the heads of relevant central administrative agencies, the Special Metropolitan City Mayor, Metropolitan City Mayors, Special Self-Governing City Mayor, Do Governors, or the Governor of a Special Self-Governing Province (hereinafter referred to as "Mayor/Do Governor") pursuant to paragraph (3), and determine such plan after deliberation thereon by the Foreign Investment Committee. *<Amended by Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012; Act No. 11690, Mar. 23, 2013>*

(2) Each stimulus plan shall include the following matters:

1. Basic direction-setting for stimulating foreign investment;
2. Analysis of circumstances of foreign investment, such as Korean companies' trends in entering into overseas markets and the industrial structure in the Republic of Korea;
3. A plan for inviting foreign investment;
4. A plan for assisting agencies engaging in activities of inviting foreign investment.

(3) The heads of related central administrative agencies and the Mayors/Do Governors shall submit a foreign investment stimulus plan for the following year to the Minister of Trade, Industry and Energy by December 31 each year. *<Newly Inserted by Act No. 10232, Apr. 5, 2010; Act No. 11690, Mar. 23, 2013>*

(4) The Minister of Trade, Industry and Energy, the heads of related central administrative agencies and the Mayors/Do Governors shall submit the implementation outcomes concerning the stimulation of foreign investment of the previous year to the Foreign Investment Committee by the end of February of the following year, and the Foreign Investment Committee shall evaluate such outcomes. *<Newly Inserted*

*by Act No. 10232, Apr. 5, 2010; Act No. 11690, Mar. 23, 2013>*

(5) The Minister of Trade, Industry and Energy may request the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency established under the Korea Trade-Investment Promotion Agency Act (hereinafter referred to as the "Korea Trade-Investment Promotion Agency") and the heads of relevant financial institutions prescribed by Presidential Decree to submit data necessary for formulating a stimulus plan, etc. *<Amended by Act No. 10232, Apr. 5, 2010; Act No. 11690, Mar. 23, 2013>*

(6) Upon receipt of a request made under paragraph (5), the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency and the heads of the relevant financial institutions shall comply therewith, unless other specific grounds exist. *<Amended by Act No. 10232, Apr. 5, 2010>*

#### **Article 5 (Reporting on Foreign Investment)**

(1) A foreigner (including specially related personnel prescribed by Presidential Decree in cases falling under Article 2 (1) 4 (a) (ii); hereafter in this Article the same shall apply) who intends to make a foreign investment by either of the methods provided for in the items of Article 2 (1) shall, in advance, report thereon to the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy.

(2) Notwithstanding paragraph (1), a foreigner who intends to make a foreign investment by any of the following methods may report thereon within 60 days from the acquisition of stocks, etc.:

1. Where the foreigner acquires existing stocks, etc. issued by a listed stock corporation under the Financial Investment Services and Capital Markets Act (excluding public purpose corporations defined under Article 152 (3) of the same Act and corporations that are restricted from acquiring stocks under separate Acts);
2. Where a foreign investor acquires stocks, etc. issued upon capitalizing reserves, revaluation reserves, or other reserves prescribed by Acts and other statutes of the relevant foreign-capital invested company;
3. Where a foreign investor acquires stocks, etc. of a surviving corporation or a newly incorporated corporation after a merger, all-inclusive stock swap or transfer, or spinoff by means of stocks he/she is holding at the time of the relevant foreign-capital invested company's merger, all-inclusive stock swap or transfer with another company, or spinoff;
4. Where a foreigner acquires stocks, etc. of a foreign-capital invested company registered under Article 21 by means of purchase, inheritance, testamentary gift, or gift from a foreign investor;
5. Where a foreign investor acquires stocks, etc. by investing the proceeds from the stocks, etc. acquired under the Acts of the Republic of Korea;
6. Where a foreigner acquires stocks, etc. using convertible bonds, exchangeable bonds, stock depositary receipts, and such similar ones as bonds or receipts that may be converted into, taken over as, or exchanged for stocks, etc.

(3) Of the details reported under paragraph (1) or (2), where any of the matters prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio (referring to the ratio of the stocks, etc. owned by a foreign investor to the total stocks, etc. of a foreign-capital invested company;

hereinafter the same shall apply), is modified, a foreigner may reflect such modified matter when reporting to Minister of Trade, Industry and Energy.

(4) Upon receipt of a report filed under paragraphs (1) through (3), the Minister of Trade, Industry and Energy shall issue a certificate of completion of report to the relevant person without delay.

#### **Article 6 (Permission of Foreign Investment, etc.)**

(1) A foreigner (including specially related persons prescribed by Presidential Decree) who intends to make a foreign investment in a defense industry company prescribed by Presidential Decree by the method provided in Article 2 (1) 4 (a) (ii) shall obtain permission from the Minister of Trade, Industry and Energy in advance, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy, notwithstanding Article 5 (1) and (2). The same shall also apply where the foreigner intends to modify any permitted details prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio.

(2) Upon receipt of an application for permission filed under paragraph (1), the Minister of Trade, Industry and Energy shall determine whether to grant permission or not, and notify the relevant applicant of his/her determination within a period prescribed by Presidential Decree.

(3) The Minister of Trade, Industry and Energy shall consult with the competent Minister before determining whether to grant permission or not under paragraph (2), as prescribed by Presidential Decree.

(4) The Minister of Trade, Industry and Energy may impose conditions on permission granted under paragraph (2) if deemed necessary to do so.

(5) No one who has acquired existing stocks, etc. without obtaining permission under paragraph (1) or in violation of conditions imposed under paragraph (4) shall exercise his/her voting rights in such existing stocks, etc.

(6) The Minister of Trade, Industry and Energy may order a person who has acquired existing stocks, etc. without obtaining permission under paragraph (1) or in violation of conditions imposed under paragraph (4) to transfer such existing stocks, etc. to a third party, as prescribed by Presidential Decree.

(7) Except as otherwise specifically provided for in paragraphs (1) through (6), matters necessary for permission of foreign investment shall be prescribed by Presidential Decree.

**Articles 7 through 8-2 Deleted.** <by Act No. 13854, Jan. 27, 2016>

#### **Article 9 (Tax Reduction and Exemption for Foreign Investment)**

Taxes, such as corporate tax, income tax, acquisition tax, registration tax, property tax and aggregate land tax, may be reduced or exempted for foreign investments, as prescribed by the Restriction of Special Taxation Act.

**Articles 10 through 12 Deleted.** <by Act No. 5982, May 24, 1999>

#### **Article 13 (Lease and Sale of State or Public Property)**

(1) The Minister of Strategy and Finance, an administrative agency of State property, the head of a local government, the head of a public institution provided in the Act on the Management of Public Institutions (hereinafter referred to as "public institution"), or the head of a local public enterprise provided in the

Local Public Enterprises Act (excluding local government-directly operated enterprises; hereafter in this Article referred to as "local public enterprise") may allow a foreign-capital invested company or the operator of establishments built to improve a foreign-investment environment (hereafter in this Article and Article 14 referred to as "foreign-capital invested company, etc.") to use or profit from land, factories, or other property (hereinafter referred to as "land, etc.") owned by the State, local government, public institution, or local public enterprise, or may lend (hereinafter referred to as "lease") or sell such land, etc. to the foreign-capital invested company, etc. by a negotiated contract, notwithstanding the relevant provisions of the following Acts: <Amended by Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012>

1. The State Property Act;
2. The Public Property and Commodity Management Act;
3. The Act on the Management of Public Institutions;
4. The Urban Development Act;
5. The Act on the Development and Management of Logistics Facilities;
6. The Fishing Villages and Fishery Harbors Act;
7. The Act on the Development, Management, etc. of Marinas.

(2) Foreign-capital invested companies that are allowed to use, profit from, lease or purchase land, etc. as prescribed in paragraph (1) shall be limited to companies meeting the minimum foreign investment ratio prescribed by Presidential Decree, and such companies shall maintain the minimum foreign investment ratio for a period prescribed by Presidential Decree (excluding where such companies temporarily fail to maintain the minimum foreign investment ratio for a period prescribed by Ordinance of the Ministry of Trade, Industry and Energy; hereinafter the same shall apply) after concluding a negotiated contract under the same paragraph: Provided, That the foregoing shall not apply to a foreign-capital invested company, which has made great contributions to the national economy in terms of the scale of employment creation, amount of foreign investment, effects of technology transfer, etc.: <Newly Inserted by Act No. 11535, Dec. 11, 2012; Act No. 13854, Jan. 27, 2016>

1. If the foreign-capital invested company files a report on foreign investment with details for creating new employment exceeding the number of regular workers prescribed by Presidential Decree within three years;
2. If the foreign-capital invested company files a report on foreign investment with details for making at least an investment amount prescribed by Presidential Decree within five years;
3. If the foreign-capital invested company is granted a tax reduction or exemption under Article 121-2 (1) 1 of the Restriction of Special Taxation Act;
4. In cases recognized as necessary by the Minister of Trade, Industry and Energy after deliberation by the Foreign Investment Committee from among the foreign-capital invested companies which have made substantial contributions to the expansion of social overhead capital, industrial restructuring, financial independence of local governments, etc.

(3) Where land, etc. owned by the State, a local government, public institution, or local public enterprises is leased as prescribed in paragraph (1), the lease term under the Acts referred to in subparagraphs 1 through 5 of the same paragraph may be set within a maximum period of 50 years, notwithstanding the following provisions: *<Amended by Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012>*

1. Articles 35 (1) and 46 (1) of the State Property Act;
2. Articles 21 (1) and 31 (1) of the Public Property and Commodity Management Act;
3. Article 69 (2) of the Urban Development Act.

(4) Where land owned by the State or a local government is leased as prescribed in paragraph (1), building a factory or other permanent facilities on such land may be allowed, notwithstanding Article 18 of the State Property Act and Article 13 of the Public Property and Commodity Management Act. In such case, such land may be leased on condition that the relevant factory or other permanent facilities be donated to the State or the local government, or returned after such land is reinstated at the end of the lease term, considering the type of relevant facilities, etc. *<Amended by Act No. 9401, Jan. 30, 2009>*

(5) Where land, etc. owned by the State, a local government, public institution, or local public enterprise is leased as prescribed in paragraph (1), rental charges under the Acts referred to in subparagraphs 1 through 5 of the same paragraph shall be set, as prescribed by Presidential Decree, notwithstanding the following provisions, and may be indicated in a foreign currency, where necessary: *<Amended by Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012>*

1. Articles 32 (1) and 47 of the State Property Act;
2. Articles 22, 32, and 35 of the Public Property and Commodity Management Act;
3. Articles 26 and 69 of the Urban Development Act;
4. Article 50 of the Act on the Development and Management of Logistics Facilities.

(6) Where land, etc. referred to in paragraph (1) is sold to a foreign-capital invested company, etc. and it is impracticable for the purchaser to make a lump-sum payment of the purchase price, payment may be deferred or made in installments, as prescribed by Presidential Decree, notwithstanding Article 50 (1) of the State Property Act, Article 37 of the Public Property and Commodity Management Act, and Article 39 (3) of the Act on the Management of Public Institutions. *<Amended by Act No. 9401, Jan. 30, 2009>*

(7) Where the Minister of Strategy and Finance or an administrative agency of State property leases any of the following State-owned land, etc. to a foreign-capital invested company running a business prescribed by Presidential Decree, he/she or it may reduce or exempt rental charges for the relevant land, etc., as prescribed by Presidential Decree, after consulting with the Minister of Trade, Industry and Energy, notwithstanding Article 38 of the Industrial Sites and Development Act: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Land, etc. located within a foreign investment zone designated under Article 18;
2. Land, etc. located within a national industrial complex designated under Article 6 of the Industrial Sites and Development Act (hereinafter referred to as "national industrial complex");

3. Land, etc. located in a general industrial complex, urban high-tech complex, and agro-industrial complex designated under Articles 7, 7-2, and 8 of the Industrial Sites and Development Act.

(8) Where State-owned land, etc. is leased to an operator of establishments built to improve a foreign-investment environment, the Minister of Strategy and Finance or an administrative agency of State property may reduce or exempt rental charges for the relevant land, etc., as prescribed by Presidential Decree, notwithstanding Articles 32 (1) and 47 of the State Property Act. *<Amended by Act No. 9401, Jan. 30, 2009>*

(9) Where the head of a local government leases land, etc. owned by the local government to a foreign-capital invested company, etc., he/she may reduce or exempt rental charges for the land, etc., as prescribed by Presidential Decree, notwithstanding Articles 22, 24, 32, and 34 of the Public Property and Commodity Management Act.

(10) Where land, etc. leased to a foreign-capital invested company, etc. with rental charges reduced or exempted pursuant to paragraphs (7) through (9) is located within an industrial complex defined under subparagraph 8 of Article 2 of the Industrial Sites and Development Act, the lease term may be set within a maximum period of 50 years, notwithstanding Article 38 of the same Act. *<Amended by Act No. 11020, Aug. 4, 2011; Act No. 11535, Dec. 11, 2012>*

(11) The lease term referred to in paragraphs (3) and (10) may be extended. In such case, the lease term so extended on each occasion shall not exceed the period set under paragraphs (3) and (10). *<Amended by Act No. 11535, Dec. 11, 2012>*

#### **Article 14 (Support for Foreign Investment Inducement Activities of Local Governments)**

(1) Where a local government requests the State to provide funds necessary for the formation of a foreign investment zone prescribed in Article 18, loan for the purchase of land to be leased to any foreign-invested company, etc., reduction or exemption of the rental payments of land, etc., reduction of lot prices (including such cases where a local government provides the money, where any person prescribed by Presidential Decree leases the land, etc. to any foreign invested company, etc. with the rental payments reduced or exempted or sells at a price lower than the land preparation costs, for the portion equivalent to the amount of the rental payments reduced or exempted as such or to the difference between the land preparation costs and the lot prices), payment of various kinds of subsidies, such as the education and training subsidy, and other foreign investment inducement projects, the State shall provide such funds to the maximum extent possible.

(2) The criteria and procedures for the provision of funds by the State to a local government in accordance with paragraph (1) shall be determined by the Foreign Investment Committee, as prescribed by Presidential Decree. For determining the criteria for the provision of funds in such cases, efforts made by a local government for the inducement of foreign investment and the actual outcomes thereof shall be taken into consideration.

(3) The State shall estimate the amount of funds to be provided in accordance with paragraph (1) each year and include the estimated amount in its budget.

(4) Where necessary for the purpose of promoting the inducement of foreign investment or improving foreign investment environment, a local government may pay a foreign-capital invested company an employment subsidy, etc. determined by Presidential Decree, as prescribed by municipal ordinances.

#### **Article 14-2 (Cash Grants for Foreign Investments)**

(1) Where a foreigner makes any of the following foreign investments, the State or a local government may provide to the foreigner cash grants required for the uses prescribed by Presidential Decree, including the construction of new factories, taking into account whether the relevant foreign investment accompanies high technology, the effect of technology transfer, the scale of job creation, whether the foreign investment overlaps any domestic investment, and the propriety of the location in which the foreign investment is made, etc.: *<Amended by Act No. 10232, Apr. 5, 2010; Act No. 13082, Jan. 28, 2015>*

1. Where installing new factory facilities or expanding existing factory facilities (referring to a place of business in cases of any business, other than the manufacturing business) in order to run the business stipulated in Article 121-2 (1) 1 of the Restriction of Special Taxation Act;
  2. Where newly installing or expanding factory facilities in order to produce components and materials prescribed by Presidential Decree, defined in subparagraph 1 of Article 2 of the Act on Special Measures for the Promotion of Specialized Enterprises, etc. for Materials and Components;
  3. Where newly installing or expanding factory facilities (referring to a place of business in cases of any business, other than the manufacturing business) creating new employment exceeding the number of regular workers prescribed by Presidential Decree;
  4. Where the number of regular employment of full-time researcher is five or more persons, consisting of persons holding at least a master's degree in the field related to the business stipulated in Article 121-2 (1) 1 of the Restriction of Special Taxation Act (referred to as "business" hereafter in this subparagraph), or persons holding a bachelor's degree related to the business with at least three years' research experience, which meets either of the following requirements:
    - (a) Where a research facility is newly installed or expanding to conduct research and development activities for the business;
    - (b) Where a nonprofit corporation that has received contributions pursuant to Article 2 (1) 4 (c) newly installs or expanding research facilities;
  5. Where it is an investment that has a large effect on the domestic economy for its investment amount, which the Foreign Investment Committee deemed necessary in accordance with standards prescribed by Presidential Decree in terms of requirements for foreign investors, etc.
- (2) The amount of cash grants referred to in paragraph (1) shall be determined after negotiating with the relevant foreigner, subject to deliberation by the Foreign Investment Committee.
- (3) Methods and procedures for providing cash grants under paragraph (1), and other necessary matters, shall be prescribed by Presidential Decree.
- (4) A local government that provides a foreigner with cash grants under paragraph (1), may prescribe matters concerning the determination on the provision of cash grants, the methods for calculating limits on

cash grants, procedures for negotiating the investment support with foreigners and other necessary matters by municipal ordinance, except otherwise expressly prescribed in paragraph (3).

**Article 14-3 (Monetary Rewards for Inducing Foreign Investment)**

(1) The head of a local government may grant monetary rewards to a person recognized as having greatly contributed to inducing foreign investment in proportion to the outcomes of inducing foreign investment, as prescribed by municipal ordinances of the relevant local government.

(2) The head of a public agency may grant monetary rewards to a person recognized as having greatly contributed to inducing foreign investment according to the standards established by the Minister of Trade, Industry and Energy, following deliberation thereon by the Foreign Investment Committee in proportion to the outcomes of inducing foreign investment: Provided, That no monetary rewards shall be paid in addition to the monetary rewards provided under paragraph (1). *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 15 (Establishment of Foreign Investment Support Center)**

(1) A Foreign Investment Support Center (hereinafter referred to as the "Investment Support Center") shall be established in the Korea Trade-Investment Promotion Agency in order to conduct consultations, guidance, advertisement, investigation, research, and treatment of civil petitions either directly or by proxy, the nurturing of business start-up, etc. concerning foreign investment and provide comprehensive support measures for foreign investors and foreign-capital invested companies. *<Amended by Act No. 10232, Apr. 5, 2010>*

(2) Where necessary to properly perform foreign investment-related affairs, the president of the Korea Trade-Investment Promotion Agency may request the relevant administrative agencies, corporations or organizations related to foreign investment (hereinafter referred to as "foreign-investment related agencies") to dispatch their public officials or executives and employees to render service at the Investment Support Center: Provided, That where the service of public officials is required, prior consultation with the competent minister shall be made.

(3) Where necessary to efficiently manage foreign investment-related duties by foreign investors or foreign-capital invested companies, the president of the Korea Trade-Investment Promotion Agency may request the head of a relevant administrative agency having jurisdiction over the relevant duty to establish a sub-branch of the agency within the Investment Support Center. In such cases, the head of the agency upon receipt of such request shall comply therewith, unless other specific grounds exist to the contrary.

(4) The Investment Support Center shall be run mainly by officers and employees of the Korea Trade-Investment Promotion Agency who have considerable knowledge and experience in foreign investment, and public officials or the officers and employees of foreign-investment related agencies dispatched to the Investment Support Center in accordance with paragraph (2) (hereinafter referred to as "dispatched officers") shall render their support for the business matters of the Investment Support Center.

(5) The head of a relevant administrative agency or a foreign-investment related agency to whom a request for dispatching public officials or officers or employees has been made in accordance with paragraph (2)

shall select those who are well-suited for the business matters in question and dispatch them, unless other specific grounds exist to the contrary, and where he/she intends to stop the dispatched service before the period for service expires, he/she shall consult in advance with the president of the Korea Trade-Investment Promotion Agency.

(6) The head of a relevant administrative agency or a foreign-investment related agency who dispatches public officials or officers or employees under his/her jurisdiction in accordance with paragraph (2) may give preferential treatment to the dispatched officers in terms of their promotion, position transfer, rewards, and welfare measures.

(7) Where necessary to conduct the business under paragraph (1), the president of the Korea Trade-Investment Promotion Agency may request the relevant administrative agency or the foreign-investment related agency to request cooperation, and the head of the agency in receipt of such request shall comply therewith, unless other specific grounds exist to the contrary.

(8) Deleted. <by Act No. 10232, Apr. 5, 2010>

(9) Matters necessary for the composition and operation of the Investment Support Center shall be prescribed by Presidential Decree. <Amended by Act No. 10232, Apr. 5, 2010>

#### **Article 15-2 (Foreign Investment Ombudsmen, etc.)**

(1) In order to resolve complaints from foreign investors and foreign-capital invested companies, foreign investment ombudsmen shall be commissioned from among persons with abundant knowledge and experience in foreign investment affairs. <Amended by Act No. 10232, Apr. 5, 2010>

(2) The foreign investment ombudsmen referred to in paragraph (1) (hereinafter referred to as "foreign investment ombudsmen") shall be commissioned by the President, after the recommendation of the Minister of Trade, Industry and Energy and deliberation thereon by the Foreign Investment Committee. <Amended by Act No. 11690, Mar. 23, 2013>

(3) Where necessary for resolving complaints from foreign investors and foreign-capital invested companies, any foreign investment ombudsman may request the head of a relevant administrative agency and the head of a foreign-investment related agency (hereinafter referred to as "relevant administrative agency, etc.") to render the following necessary cooperation. In such cases, the head of a relevant administrative agency, etc. in receipt of such request shall comply therewith, except in extenuating circumstances: <Amended by Act No. 10232, Apr. 5, 2010>

1. Giving explanations to a relevant administrative agency, etc. or submitting data in accordance with the standards prescribed by Presidential Decree;
2. Stating opinions of related employees, interested persons, etc.;
3. Requesting cooperation for site visits.

(4) Where deemed necessary after resolving complaints of foreign investors and foreign-capital invested companies, any foreign investment ombudsman may recommend the heads of relevant administrative agencies and the heads of public institutions to take corrective measures on related affairs. <Newly Inserted by Act No. 10232, Apr. 5, 2010>

(5) Upon receipt of recommendations made under paragraph (4), the heads of relevant administrative agencies or public institutions shall, in writing, notify foreign investment ombudsmen of handling results within the period prescribed by Presidential Decree. <Newly Inserted by Act No. 11535, Dec. 11, 2012>

(6) Where the heads of relevant administrative agencies or public institutions fail to implement recommendations made under paragraph (4), foreign investment ombudsmen may request them to submit matters concerning such recommendations to the Foreign Investment Committee as an agenda. <Newly Inserted by Act No. 11535, Dec. 11, 2012>

(7) In order to promote the improvement of regulations on complaints of foreign investors and foreign-invested companies in an organized manner, foreign investment ombudsmen shall prepare an annual report on reorganization activities, such as the current status of regulations and systems obstructing foreign investment, results of improvement thereof, etc., and submit the report to the Foreign Investment Committee, as prescribed by Presidential Decree. <Newly Inserted by Act No. 11535, Dec. 11, 2012>

(8) No foreign investment ombudsmen shall use data received from the heads of relevant administrative agencies, etc. pursuant to paragraph (3) or confidential information that they have become aware of in the course of performing duties for any purposes other than those prescribed by this Act, or divulge it to any third party. <Amended by Act No. 10232, Apr. 5, 2010>

(9) Foreign investment ombudsmen shall be deemed a public official for the purposes of penal provisions under Articles 129 through 132 of the Criminal Act.

(10) A grievance committee shall be established within the Korea Trade-Investment Promotion Agency in order to support the duties of foreign investment ombudsmen. <Newly Inserted by Act No. 10232, Apr. 5, 2010>

(11) Matters necessary for the composition and operation of the grievance committee shall be prescribed by Presidential Decree. <Newly Inserted by Act No. 10232, Apr. 5, 2010>

#### **Article 16 (Foreign Investment Promotion Offices)**

(1) Central administrative agencies, Special Metropolitan City, Metropolitan Cities, Special Self-Governing City, Dos, Special Self-Governing Province and Sis/Guns/Gus (referring to autonomous Gus) may each designate the office in charge of foreign investment as a foreign investment promotion office, or establish a foreign investment promotion office, in order to efficiently provide support for foreign investment by encouraging the smooth handling of civil petitions concerning permission, authorization, license, approval, designation, cancellation, report, recommendation, consultation, etc. related to foreign investment (hereinafter referred to as "permission, etc."), by supporting swift handling of grievances of foreign investors and foreign invested companies, and by establishing a cooperation system among related institutions. <Amended by Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012>

(2) When a foreign investment promotion official receives a request for cooperation by a relevant administrative agency, the Investment Support Center or complaint committee with respect to civil petitions concerning foreign investment, he/she shall cooperate in a positive manner. <Amended by Act No. 10232, Apr. 5, 2010>

(3) Except as otherwise expressly provided for in paragraphs (1) and (2), matters necessary for the functions and business of the foreign investment promotion office shall be prescribed by Presidential Decree.

#### **Article 17 (Special Cases concerning Handling Civil Petitions by Foreign Investors, etc.)**

(1) Where a foreign investor or a foreign-capital invested company has been granted permission, etc. in the left column of attached Table 1, he/she or it shall be deemed to have been granted permission, etc. in the right column of the same Table. *<Amended by Act No. 9374, Jan. 30, 2009>*

(2) Any dispatched officer may directly handle civil petitions prescribed by Presidential Decree which are related to foreign investment of a foreign investor or a foreign-capital invested company (hereinafter referred to as "civil petitions to be handled directly"). In such cases, the head of the relevant administrative agency to which the dispatched officer belongs shall entrust the dispatched officer with such civil petitions and give him/her approval authority therefor. *<Amended by Act No. 9374, Jan. 30, 2009>*

(3) A foreign investor or a foreign-capital invested company may request the Investment Support Center to file civil petitions on behalf of him/her or it, such as filling out and submitting application forms relating to civil affairs. The head of the Investment Support Center thus requested shall select civil petitions related to the permission, etc. listed in attached Table 1 (hereinafter referred to as "civil petitions to be handled in bulk") and civil petitions related to foreign investment listed in attached Table 2 to be individually handled (hereinafter referred to as "civil petitions to be handled individually"), and transfer them to the head of the relevant civil affairs administrative agency for disposition, and notify the foreign investment promotion official under his/her jurisdiction. *<Amended by Act No. 9374, Jan. 30, 2009>*

(4) The head of a civil affairs administrative agency to whom an application form relating to civil affairs has been transferred pursuant to paragraph (3), or who has received an application form relating to civil affairs from a foreign investor or a foreign-capital invested company, shall consult with the head of the relevant administrative agency without delay, and the head of the relevant administrative agency shall submit his/her opinion within the period for handling prescribed in paragraph (5). If the head of a relevant administrative agency disagrees, he/she shall explicitly express his/her reasons therefor, and if the head of the relevant administrative agency fails to submit his/her opinion within the period for handling prescribed in paragraph (5), he/she shall be deemed to have no opinion on the matter. *<Amended by Act No. 9374, Jan. 30, 2009>*

(5) Notwithstanding the relevant provisions of other Acts and statutes, the head of a civil affairs administrative agency or a dispatched officer shall handle civil petitions to be handled in bulk (referring to those civil petitions relating to the permission, etc. listed on the right column of attached Table 1, which have been received individually), civil petitions to be individually handled, and civil petitions to be handled directly, within the period for handling prescribed in Presidential Decree, and where the head of a civil affairs administrative agency or a dispatched officer has not notified the relevant person of his/her rejection of the application for permission, etc. within the period for handling, the permission, etc. shall be deemed granted as of the day immediately following the last day of the period for handling. In such cases,

if the head of a civil affairs administrative agency or the dispatched officer intends to reject the application for permission, etc. within the period for handling, he/she shall notify the relevant foreign investment promotion official, foreign investor, or foreign-capital invested company in writing of his/her reasons for rejection, as prescribed by Presidential Decree. *<Amended by Act No. 9374, Jan. 30, 2009>*

(6) Where permission, etc. is deemed granted pursuant to the former part of paragraph (5), the head of a civil affairs administrative agency or a dispatched officer shall issue, upon request of the relevant foreign investor or foreign-capital invested company, a document certifying the grant of the permission, etc. without delay. *<Amended by Act No. 9374, Jan. 30, 2009>*

(7) Where the foreign investor or foreign-capital invested company that was notified of the rejection of his/her or its application for permission pursuant to the latter part of paragraph (5) resolves the issues that are the reasons for the rejection and submits a document certifying that he/she satisfies the conditions for the grant of the permission, etc. as prescribed by the relevant Acts and statutes, the head of a civil affairs administrative agency or a dispatched officer shall grant the originally intended permission, etc. within the period prescribed by Presidential Decree. In such cases, the head of a civil affairs administrative agency or a dispatched officer shall not refuse to grant the permission, etc. for any other reason than the ones given before. *<Amended by Act No. 9374, Jan. 30, 2009>*

(8) Paragraph (7) shall apply mutatis mutandis to the consultation prescribed in paragraph (4). *<Amended by Act No. 9374, Jan. 30, 2009>*

(9) Where a foreign investor or a foreign-capital invested company intends to obtain permission, etc. relating to civil petitions to be handled in bulk, civil petitions to be handled individually, and civil petitions to be handled directly pursuant to paragraphs (2) through (8), he/she or it shall submit application documents prescribed by Ordinance of the Ministry of Trade, Industry and Energy, notwithstanding the provisions of other Acts and statutes. *<Amended by Act No. 9374, Jan. 30, 2009; Act No. 11690, Mar. 23, 2013>*

(10) Even when some of the requirements for the grant of permission, etc. relating to civil petitions to be handled in bulk, such as accompanying documents, have not been satisfied, the head of a civil affairs administrative agency may grant permission, etc. on the condition that the unsatisfied requirements shall be met, as prescribed by Presidential Decree. *<Amended by Act No. 9374, Jan. 30, 2009>*

(11) Where Acts and statutes other than this Act stipulates provisions concerning civil affairs which can lead to realization of the goal of a foreign-capital invested company, which is possible only with the permission granted in accordance with the relevant Acts and statutes from the time when the foreign investment was reported to the time of launching the business, and which do not fall under any of the following subparagraphs, such Acts and statutes shall not apply to a foreign investor or the foreign investment business of a foreign-capital invested company: *<Amended by Act No. 9374, Jan. 30, 2009>*

1. Civil petitions to be handled in bulk;
2. Civil petitions to be handled individually;
3. Civil petitions to be handled directly;

4. Other civil petitions relating to the permission, etc. under this Act.

(12) Deleted. <by Act No. 7039, Dec. 31, 2003>

(13) Except as otherwise expressly provided for in paragraphs (1) through (11), matters necessary for handling civil petitions relating to foreign investment shall be prescribed by Presidential Decree.

<Amended by Act No. 9374, Jan. 30, 2009>

#### **Article 18 (Designation and Development of Foreign Investment Zones)**

(1) The Mayors/Do Governors may designate any of the following zones as a foreign investment zone (hereinafter referred to as "foreign investment zone") following deliberation thereon by the Foreign Investment Committee. In such cases, if a foreign investment zone referred to in subparagraph 2 is to be developed into a general industrial complex or urban high-tech complex designated under Article 7 or 7-2 of the Industrial Sites and Development Act, a development plan shall be established in advance:

<Amended by Act No. 10232, Apr. 5, 2010; Act No. 11232, Jan. 26, 2012>

1. An exclusive zone designated to lease or transfer land therein to foreign-capital invested companies among national industrial complexes designated under Article 6 of the Industrial Sites and Development Act and general industrial complexes designated under Article 7 of the same Act;

2. A zone in which any foreign investor intends to make a foreign investment meeting the standards prescribed by Presidential Decree;

3. An exclusive zone designated to lease or transfer land therein to foreign-capital invested companies that carry out research and development, among areas prescribed by Presidential Decree (including buildings in such areas; hereafter the same shall apply in this subparagraph), such as special research and development zones under subparagraph 1 of Article 2 of the Special Act on Promotion of Special Research and Development Zones;

4. A zone (including buildings) designated after consultation with the head of a relevant central administrative agency to lease or transfer land therein to foreign-capital invested companies running a service business of high added value, such as finance, and prescribed by Presidential Decree. In such cases, if deemed necessary for attracting foreign investment, a portion not exceeding the percentage prescribed by Presidential Decree of the total area designated (referring to the sum of floor space of each floor in cases of buildings) may be lent or transferred to companies that carry out the same business as foreign-capital invested companies.

(2) Where two or more foreign investors intend to obtain the designation of a zone referred to in paragraph (1) 2 as a foreign investment zone pursuant to the former part other than the subparagraphs of paragraph (1) from the relevant Mayor/Do Governor, the business classification, the zone, etc. in which such foreign investors intends to make an investment shall satisfy the standards prescribed by Presidential Decree.

(3) When a Mayor/Do Governor intends to designate the zones referred to in paragraph (1) 1 through 4 as foreign investment zones pursuant to the former part other than the subparagraphs of paragraph (1), he/she shall establish a designation plan including the following matters and submit it to the Minister of Trade, Industry and Energy: <Newly Inserted by Act No. 10232, Apr. 5, 2010; Act No. 11690, Mar. 23, 2013>

1. Purpose, name, location, and scope of a foreign investment zone;
2. Type of business to move into a foreign investment zone and qualifications of companies to move into such zone;
3. Costs and effects that come after the designation of a foreign investment zone;
4. Methods of development and management of a foreign investment zone;
5. Implementation method and period of the project to construct a foreign investment zone;
6. Matters prescribed by Presidential Decree based on the characteristics of each region, such as land utilization and prevention of overpopulation.

(4) Where a Mayor/Do Governor designates a foreign investment zone pursuant to paragraphs (1) and (2), he/she shall provide a public notice of the following matters:

1. Official title, location, and area of the foreign investment zone;
2. Methods of development or management;
3. Matters to be publicly notified under Article 7-4 of the Industrial Sites and Development Act (limited to where the relevant foreign investment zone is to be developed into a general industrial complex or urban high-tech complex);
4. Details of investment, scale of employment and details of businesses of foreign-capital invested companies to move into the foreign investment zone;
5. Other matters prescribed by Presidential Decree.

(5) A foreign investment zone designated within a national industrial complex among industrial complexes shall be managed by the management agency of the relevant national industrial complex, a foreign investment zone designated within an industrial complex, other than a national industrial complex, shall be managed by the competent Mayor/Do Governor, and a foreign investment zone designated within an area, other than an industrial complex shall be developed and managed by the competent Mayor/Do Governor.

(6) Where it is necessary to create a new site to build factories, etc. within an area designated as a foreign investment zone, the foreign investment zone may be developed into a general industrial complex and urban high-tech complex.

(7) Where a foreign investment zone is developed into a general industrial complex or urban high-tech complex pursuant to paragraph (6), a foreign investment zone referred to in paragraphs (1) and (2) shall be deemed designated as a general industrial complex or urban high-tech complex. In such cases, the development plan referred to in the latter part other than the subparagraphs of paragraph (1) shall be deemed a development plan pursuant to Articles 7 (2) and 7-2 (4) of the Industrial Sites and Development Act, and the public notices given under paragraph (4) shall be deemed a public notice made under Article 7-4 of the Industrial Sites and Development Act. <Amended by Act No. 10232, Apr. 5, 2010>

(8) Where designation and public notice have been made pursuant to paragraphs (1) through (4) with respect to the development of a foreign investment zone into a general industrial complex or urban high-tech complex pursuant to paragraph (6), "industrial complex" referred to in Article 12 (1) of the Industrial

Sites and Development Act shall be construed as "foreign investment zone," and "when designation and public notice of an industrial complex have been made" referred to in Article 22 (2) of the same Act shall be construed as "when designation and public notice of a foreign investment zone have been made."

*<Amended by Act No. 10232, Apr. 5, 2010>*

(9) Article 19 (1) shall not apply where all or a part of a national industrial complex, general industrial complex or urban high-tech complex which has been already developed, is designated as a foreign investment zone.

(10) Where a Mayor/Do Governor intends to alter any matter publicly notified pursuant to paragraph (4), he/she shall submit such matter to the Foreign Investment Committee for deliberation: Provided, That this shall not apply to insignificant alterations prescribed by Presidential Decree. *<Amended by Act No. 10232, Apr. 5, 2010>*

(11) Matters necessary for the procedures for, and methods of, the designation of foreign investment zones shall be prescribed by Presidential Decree.

(12) Matters necessary for development and management referred to in paragraph (5) shall be prescribed by Presidential Decree. *<Amended by Act No. 10232, Apr. 5, 2010>*

#### **Article 18-2 (Cancellation of Designation of Foreign Investment Zones)**

(1) Where a foreign-capital invested company or a foreign investment zone fails to satisfy the standards prescribed by Presidential Decree under Article 18 (1) and (2), the competent Mayor/Do Governor shall cancel the designation of a foreign investment zone after the deliberation by the Foreign Investment Committee. *<Amended by Act No. 10232, Apr. 5, 2010>*

(2) Matters necessary for the procedures of cancellation of designation of foreign investment zones under paragraph (1) and other matters shall be prescribed by Presidential Decree.

#### **Article 19 (Support Measures for Foreign Investment Zones)**

(1) With respect to bearing the costs of the development of a foreign investment zone and providing support for infrastructure, such as harbors, roads, water-supply facilities, railways, communications, and electric facilities, which are necessary for the efficient formation of a foreign investment zone, Articles 28 and 29 of the Industrial Sites and Development Act shall apply mutatis mutandis.

(2) The traffic generation charges imposed under Article 36 of the Urban Traffic Improvement Promotion Act shall be exempted for the construction of facilities, etc. in a foreign investment zone.

#### **Article 20 (Special Cases concerning Other Acts)**

(1) Article 56 (1) 4 of the National Land Planning and Utilization Act shall not apply to partitioning of land within a foreign investment zone.

(2) Restrictions on export or import may be relaxed for a foreign-capital invested company that takes occupancy in a foreign investment zone, as prescribed by the Minister of Trade, Industry and Energy, notwithstanding Article 11 of the Foreign Trade Act. *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) The following provisions shall not apply to a foreign-capital invested company that takes occupancy in a foreign investment zone: *<Amended by Act No. 11029, Aug. 4, 2011; Act No. 11042, Sep. 15, 2011>*

1. Deleted; <by Act No. 13854, Jan. 27, 2016>

2. Article 33-2 (1) of the Act on the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State, Article 39 (1) of the Act on Support for Persons Eligible for Veteran's Compensation, Article 24-2 (1) of the Act on the Honorable Treatment of Persons of Distinguished Service to the May 18 Democratization Movement, and Article 21 (2) of the Act on Honorable Treatment of Persons of Distinguished Service during Special Military Missions and Establishment of Related Associations.

(4) Notwithstanding Article 20 (1) of the Industrial Cluster Development and Factory Establishment Act, a foreign-capital invested company that takes occupancy in a foreign investment zone may undertake new establishment, expansion or transfer of a factory of at least 500 square meters (including a knowledge industry center) or change its business type in a growth administration zone. <Newly Inserted by Act No. 10232, Apr. 5, 2010>

#### **Article 21 (Follow-Up Management of Foreign Investment)**

(1) In any of the following circumstances, a foreign investor or foreign-capital invested company (including where any of the following circumstances arise to him/her or it due to capital increase) shall file for registration as a foreign-capital invested company, as prescribed by Presidential Decree: <Amended by Act No. 13854, Jan. 27, 2016>

1. Where he/she or it has completed payment for the object of investment;
2. Where he/she or it has completed the acquisition of stocks, etc. (meaning having paid for the stocks, etc.) by the method prescribed in Article 2 (1) 4 (a);
3. Where he/she or it has completed contribution by the methods prescribed in Article 2 (1) 4 (c) and (d);
4. Deleted. <by Act No. 13854, Jan. 27, 2016>

(2) Notwithstanding paragraph (1), when a foreign investor or foreign-capital invested company making a foreign investment defined under Article 2 (1) 4 (a) meets requirements prescribed by Presidential Decree, such as the investment amount, he/she or it may file for registration as a foreign-capital invested company even prior to completing payment for the object of investment under paragraph (1) 1 or the acquisition of stocks, etc. under paragraph (1) 2. <Amended by Act No. 13854, Jan. 27, 2016>

(3) A foreign investor or foreign-capital invested company shall file for registration of alteration, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy, in any of the following circumstances: <Amended by Act No. 13854, Jan. 27, 2016>

1. Where he/she or it has filed a report on foreign investment by any of the methods prescribed in Article 5 (2) 2 through 6;
2. Where he/she or it falls under Article 121-5 (2) 2 of the Restriction of Special Taxation Act;
3. Where stocks, etc. owned by the foreign investor are reduced following transfer of the stocks, etc. he/she has acquired under Article 5 or 6 to a third person, or the capital reduction of the relevant foreign-capital invested company;

4. Where any of the matters prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio, the trade name or name of a foreign-capital invested company, is changed.

(4) Where a foreign investor or foreign-capital invested company falls under any of the following cases, the Minister of Trade, Industry and Energy may revoke permission or cancel the registration thereof: Provided, That in cases falling under subparagraph 2 or 3, he/she must revoke permission or cancel the registration thereof: *<Newly Inserted by Act No. 13854, Jan. 27, 2016>*

1. Where the foreign-capital invested company reports the closure of its business under Article 8 (6) of the Value-Added Tax Act;

2. Where the foreign investor has transferred all of the stocks, etc. owned by himself/herself to a national of the Republic of Korea or a Korean corporation, or has ceased to hold any of the stocks, etc. previously owned by himself/herself due to the capital reduction of the relevant foreign-capital invested company;

3. Where he/she or it has filed for registration as a foreign-capital invested company as if payment for the object of investment were completed.

(5) No foreign-capital invested company registered under paragraph (1) shall engage in any of the following conducts, except in cases meeting the criteria prescribed by Presidential Decree: *<Newly Inserted by Act No. 13854, Jan. 27, 2016>*

1. Running a business in which foreign investment is restricted under Article 4 (3), in excess of the allowed limit;

2. Acquiring stocks of any third domestic company that runs a business in which foreign investment is restricted under Article 4 (3), in excess of the allowed limit.

(6) No foreign investor or foreign-capital invested company shall use investment funds for any purpose other than the reported or permitted purpose reported, or transfer or lend the registration certification of the relevant foreign-capital invested company to any third person. *<Newly Inserted by Act No. 13854, Jan. 27, 2016>*

## **Article 22 (Cooperation in Follow-Up Management of Foreign Investment)**

(1) Upon receipt of an application for registration of alteration filed by a foreign investor or foreign-capital invested company pursuant to Article 21 (3) in relation to the transfer or reduction of stocks, etc., the Minister of Trade, Industry and Energy shall notify the details of the application to the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service, and a Mayor/Do Governor without delay.

(2) The Minister of Trade, Industry and Energy may request the Commissioner of the National Tax Service and the head of a regional tax office to provide information on whether a foreign-capital invested company registered under Article 21 has closed its business and the date of business closure among the business registration information pursuant to Article 8 of the Value-Added Tax Act.

(3) Upon receipt of a request from the Minister of Trade, Industry and Energy under paragraph (2), the Commissioner of the National Tax Service and the head of a regional tax office shall provide the relevant information for the Minister of Trade, Industry and Energy without delay.

(4) The Commissioner of the National Tax Service shall investigate whether a foreign-capital invested company has violated Article 21 (5) or (6) with respect to the business affairs under his/her jurisdiction, and notify the results thereof to the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy.

**Article 23 Deleted.** <by Act No. 13854, Jan. 27, 2016>

**Article 24 (Collection and Compilation of Statistics on Foreign Investment)**

(1) The Minister of Trade, Industry and Energy may request the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency, and foreign-capital invested companies to provide necessary data and statistics for the analysis of the effects of foreign investment on the national economy in terms of economic growth, balance of international payment, and employment. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Upon receipt of a request to provide data and statistics made under paragraph (1), the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency, and foreign-capital invested companies shall comply with the request unless there exists any special ground otherwise.

(3) No public officials who collect and compile data and statistics on foreign investment pursuant to paragraphs (1) and (2) shall divulge any trade secret of the relevant companies.

**Article 27 (Foreign Investment Committee)**

(1) A Foreign Investment Committee shall be established under the Ministry of Trade, Industry and Energy to deliberate on the following: <Amended by Act No. 11535, Dec. 11, 2012; Act No. 11690, Mar. 23, 2013; Act No. 12225, Jan. 10, 2014>

1. Important matters concerning the basic policy and schemes for foreign investment;
2. Matters concerning integration and coordination of the measures by competent Ministry to improve an environment for foreign investment;
3. Matters concerning the criteria for tax reductions or exemptions for foreign-capital invested companies;
4. Matters concerning cooperation among, and coordination of different opinions of, central administrative agencies, Special Metropolitan City, Metropolitan Cities, Metropolitan Autonomous City, Dos, and Special Self-Governing Province with respect to foreign investment;
5. Matters concerning stimulus plans;
6. Matters concerning contributions to nonprofit corporations defined in Article 2 (1) 4 (d);
7. Matters concerning support for local governments under Article 14;
8. Matters concerning cash grants under Article 14-2;
9. Matters concerning the payment of monetary rewards for inducing foreign investment under Article 14-3 (2);

10. Matters concerning the designation of foreign investment zones and assistance thereto under Articles 18 and 19;

11. Matters concerning approval under Article 30 (7);

12. Other important matters concerning the inducement of foreign investment.

(2) The Minister of Trade, Industry and Energy shall be the Chairperson of the Foreign Investment Committee, and the following persons shall be its members: <Amended by Act No. 10232, Apr. 5, 2010; Act No. 10339, Jun. 4, 2010; Act No. 11535, Dec. 11, 2012; Act No. 11690, Mar. 23, 2013; Act No. 12844, Nov. 19, 2014; Act No. 14839, Jul. 26, 2017>

1. The Vice Minister of Strategy and Finance, the Vice Minister of Education, the Vice Minister of Ministry of Science and ICT, the Vice Minister of Foreign Affairs, the Vice Minister of the Interior and Safety, the Vice Minister of Culture, Sport and Tourism, the Vice Minister of Agriculture, Food and Rural Affairs, the Vice Minister of Environment, the Vice Minister of Employment and Labor, the Vice Minister of Land, Infrastructure and Transport, the Vice Minister of Oceans and Fisheries, and the Vice Chairperson of the Financial Services Commission;

2. The Vice Ministers, vice chairpersons, or deputy administrators of central administrative agencies related to the agendas submitted to the Foreign Investment Committee, the Vice Mayor of Seoul Special Metropolitan City, Mayors/Do Governors (excluding the Seoul Special Metropolitan City Mayor) and the president of the Korea Trade-Investment Promotion Agency.

(3) A Foreign Investment Working Committee (hereinafter referred to as "Working Committee") shall be established to review and coordinate matters to be deliberated upon by the Foreign Investment Committee, and to deliberate on matters entrusted by the Foreign Investment Committee, as prescribed by Presidential Decree.

(4) The Minister of Trade, Industry and Energy shall report to the Foreign Investment Committee on the current status of improving an environment for foreign investment referred to in paragraph (1) 2. <Amended by Act No. 11690, Mar. 23, 2013>

(5) Except as otherwise expressly provided for in paragraphs (1) through (3), matters necessary for the composition and operation of the Foreign Investment Commission and the Working Committee shall be prescribed by Presidential Decree.

#### **Article 28 (Reporting, Investigation, Correction, etc.)**

(1) The Minister of Trade, Industry and Energy and the competent Minister may require foreign investors, foreign-capital invested companies, the president of the Korea Trade-Investment Promotion Agency, the heads of the relevant financial institutions, and other interested parties to report on matters deemed necessary concerning foreign investment under this Act. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13854, Jan. 27, 2016>

(2) The Minister of Trade, Industry and Energy may require subordinate public officials or the heads of the relevant administrative agencies to conduct investigations into the following, where deemed necessary for the enforcement of this Act: <Amended by Act No. 11690, Mar. 23, 2013>

1. Matters concerning the introduction, use, and disposal of the funds (including objects of investment; hereafter in this Article the same shall apply) and capital goods invested by foreigners;

2. Deleted; <Act No. 13854, Jan. 27, 2016>

3. Matters concerning the implementation of the matters permitted or reported under this Act.

(3) To conduct an investigation under paragraph (2), the subject of the investigation shall be notified of the investigation plan which includes the time and date, grounds, details, etc. by no later than seven days prior to the investigation: Provided, That the foregoing shall not apply where an emergency or the giving of a prior notice can defeat the purpose of such investigation due to destruction of evidence, etc.

(4) Anyone who conducts an investigation under paragraph (2) shall carry a certificate of identification indicating his/her authority and produce it to relevant persons, and deliver a document stating the name, time of access, aim of access, etc. at the time he/she gets access, to relevant persons.

(5) In any of the following cases, the Minister of Trade, Industry and Energy may issue a corrective order or take other necessary measures to foreign investors, foreign-capital invested companies, persons who have introduced or used funds or capital goods invested by foreigners into Korea, and other interested parties: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13854, Jan. 27, 2016>

1. Where the relevant person fails to implement the matters permitted or reported under this Act, or where what he/she has implemented is illegal or unjust;

2. Where he/she has discovered any of the facts provided in the subparagraphs of Article 4 (2).

(6) In any of the following cases, a foreign investor (including a foreign investor that fails to file for registration under Article 21 (1)) shall transfer the stocks, etc. he/she owns to a national of the Republic of Korea or a Korean corporation within six months from the day prescribed in the following: Provided, That the period for transfer may be extended up to six months with the approval of the Minister of Trade, Industry and Energy in inevitable circumstances: <Newly Inserted by Act No. 13854, Jan. 27, 2016>

1. Where he/she has failed to implement a corrective order issued under paragraph (5), the day on which the period for implementing such a corrective order expires;

2. Where permission has been revoked or registration has been cancelled under Article 21 (4) 3, the day on which the permission is revoked or the registration is cancelled.

(7) Where a person who has introduced funds and capital goods into Korea for foreign investment fails to clear the capital goods through the customs or fails to take the custody thereof within the storage period prescribed by the Customs Act, the head of the customs office may sell them, as prescribed by Presidential Decree.

#### **Article 29 (Examination and Confirmation of Introduced Capital Goods, etc.)**

(1) Where a foreign investor or a foreign-capital invested company introduces capital goods which meet the criteria prescribed by Presidential Decree, such as capital goods introduced into Korea under this Act which are subject to tax reductions or exemptions, or goods other than capital goods, introduced into Korea for foreign investment falling under Article 2 (1) 4 (c) and (d) (hereinafter referred to as "capital goods, etc." in this Article), the investor or company may receive examination and confirmation of the

introduced capital goods, etc. from the competent Minister.

(2) Any capital goods, etc. examined and confirmed by the competent Minister in accordance with paragraph (1) shall be deemed to have obtained the import approval under the Foreign Trade Act.

### **Article 30 (Relationship to Other Acts and International Treaties)**

(1) Except as otherwise expressly provided for in this Act, matters concerning foreign exchanges and foreign trades shall be governed by the Foreign Exchange Transactions Act.

(2) Notwithstanding the proviso to Article 462-2 (1) of the Commercial Act, a foreign-capital invested company may pay dividends with its newly issued stocks up to an amount equivalent to its total dividend amount, where a special resolution has been passed under Article 434 of the Commercial Act.

(3) Where a foreign investor makes an investment in kind with the capital goods defined under Article 2 (1) 8 (b), the certificate of completion of the investment in kind for which the Commissioner of the Korea Customs Service verified the implementation of the investment in kind and the type, volume, and price of the objects of the investment in kind, shall be deemed a written report of investigation by an investigator under the Article 299 of the Commercial Act, notwithstanding Article 299 of the same Act. The same shall also apply where he/she makes an investment in kind with the capital goods after he/she has established a company. *<Amended by Act No. 12592, May 20, 2014>*

(4) Where a technology evaluation agency prescribed by Presidential Decree has evaluated the price of an industrial property right defined under Article 2 (1) 8 (d), such evaluation shall be deemed appraised by an appraiser publicly certified under Article 299-2 of the Commercial Act.

(5) A national of the Republic of Korea or a Korean corporation that intends to operate a business jointly with a foreign investor who has reported to make a foreign investment by the method prescribed in Article 2 (1) 4 (a) (i) may designate the first day of each month as the re-evaluation day and re-evaluate the objects of the relevant investment, as prescribed in the Assets Revaluation Act, notwithstanding Article 4 of the Assets Revaluation Act. *<Amended by Act No. 13854, Jan. 27, 2016>*

(6) Notwithstanding Article 8-2 (4) of the Monopoly Regulation and Fair Trade Act, a second-tier subsidiary of a general holding company may hold stocks of a joint stock corporation with a foreigner, if it meets all of the following requirements: *<Newly Inserted by Act No. 12225, Jan. 10, 2014>*

1. Such stock holding shall be a foreign investment meeting the standards referred to in Article 18 (1) 2;
2. The second-tier subsidiary of the general holding company shall hold at least 50/100 of the total number of stocks issued by such joint stock corporation;
3. A foreigner shall hold at least 30/100 (the share-holding ratio of the foreigner shall be calculated only for the stocks held at and after the time the joint stock corporation is formed) of the total number of stocks issued by such joint stock corporation;
4. The second-tier subsidiary of the general holding company shall hold all the outstanding shares issued by such joint stock corporation, except those held by foreigners.

(7) Each second-tier subsidiary of a general holding company that intends to hold stocks of a joint stock corporation under paragraph (6) shall obtain approval from the Foreign Investment Committee. In such

cases, the Minister of Trade, Industry and Energy shall submit the relevant case to the Fair Trade Commission for the prior deliberation of the requirements prescribed by Presidential Decree, including the joint stock corporation's business relevance with the second-tier subsidiary and the second-tier subsidiary's qualification to become a stakeholder in the joint stock corporation. <Newly Inserted by Act No. 12225, Jan. 10, 2014>

(8) "General holding company", "second-tier subsidiary", and "joint stock corporation" referred to in paragraphs (6) and (7) have the same meanings defined by the Monopoly Regulation and Fair Trade Act. <Newly Inserted by Act No. 12225, Jan. 10, 2014>

(9) None of the provisions of this Act shall be construed as amending or limiting any terms and conditions of international treaties the Republic of Korea has entered into and promulgated. <Newly Inserted by Act No. 12225, Jan. 10, 2014>

### **Article 31 (Delegation of Authority, etc.)**

The Minister of Trade, Industry and Energy, the competent ministers, or the Mayors/Do Governors may, as prescribed by Presidential Decree, delegate or entrust part of his/her authority vested under this Act to the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service, the president of the Korea Trade-Investment Promotion Agency, the heads of management agencies of foreign investment zones, and the heads of any foreign investment-related agencies prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

### **Article 32 (Penalty Provisions)**

Any person who has transferred foreign currency funds illegally to a foreign country on the occasion of overseas remittance or foreign investment under this Act (including the representative in the case of a company) shall be punished by imprisonment with labor for not less than one year, or by a fine equivalent to at least twice but exceeding ten times the amount of the illegal transfer. In such cases, the foreign currency funds illegally transferred shall be confiscated, and if confiscation is not possible, the corresponding value shall be collected in lieu of such confiscation. <Amended by Act No. 13854, Jan. 27, 2016>

### **Article 33 (Penalty Provisions)**

Any person who fails to file for registration of alternation as prescribed in Article 21 (3) 2 shall be punished by imprisonment with labor for not more than five years, or by a fine not exceeding fifty million won. <Amended by Act No. 13854, Jan. 27, 2016>

### **Article 34 (Penalty Provisions)**

Any person who has submitted false documents with respect to permission or report under this Act shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 30 million won.

### **Article 35 (Penalty Provisions)**

Any of the following persons (including a representative in cases of a company) shall be punished by imprisonment with labor for not more than one year or a fine not exceeding ten million won: <Amended by

*Act No. 10232, Apr. 5, 2010; Act No. 11535, Dec. 11, 2012; Act No. 13854, Jan. 27, 2016*>

1. A person who acquires existing stocks, etc. of a defense industry company without permission, in violation of Article 6 (1);
2. A person who uses data received from the heads of relevant administrative agencies, etc. or confidential information he/she has become aware of in the course of performing duties for any purpose other than those prescribed by this Act, or divulges it to any third party, in violation of Article 15-2 (8);
3. A person who fails to take measures, such as a correction order issued under Article 28 (5).

#### **Article 36 (Joint Penalty Provisions)**

If the representative of a corporation, or an agent, employee or worker of a corporation or individual has committed a violation falling under any of Articles 32 through 35 with reference to the business of the corporation or individual, not only shall the violator but also the corporation or individual be punished by a fine under the relevant provision: Provided, That where the corporation or individual has not neglected appropriate attention and supervision with regard to the business concerned in order to prevent such violation, this provision shall not apply.

#### **Article 37 (Administrative Fines)**

(1) Any of the following persons shall be subject to an administrative fine of not more than ten million won: *<Amended by Act No. 13854, Jan. 27, 2016>*

1. A person who acquires existing stocks, etc. under Article 2 (1) 4 (a) (ii) without reporting thereon, in violation of Article 5 (1);
2. A person who fails to create new employment or make an investment within the period prescribed under Article 13 (2) 1 or 2 after concluding a negotiated contract under paragraph (1) of the same Article;
3. A person who fails to meet the minimum foreign investment ratio referred to in the main sentence of Article 13 (2) or to maintain the minimum foreign investment ratio for a period prescribed by Presidential Decree (excluding foreign-invested companies in a foreign investment zone designated under Article 18 (1));
4. A person who transfers or lends the registration certification of a foreign-capital invested company to a third person, in violation of Article 21 (6);
5. A person who fails to undergo an investigation conducted under Article 28 (2), or refuses, interferes with, or evades such an investigation.

(2) Administrative fines referred to in paragraph (1) shall be imposed and collected by the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree. *<Amended by Act No. 11690, Mar. 23, 2013>*

### ADDENDA

#### **Article 1 (Enforcement Date)**

This Act shall enter into force two months after the date of its promulgation.

#### **Article 2 (Application Date)**

@Article 20 (3) 2 shall apply until December 31, 2003.

#### **Article 3 (Repeal of Other Acts and Statutes)**

The Foreign Investment and Foreign Capital Inducement Act is hereby repealed.

#### **Article 4 (Applicability to Provisions concerning Reduction or Exemption of Taxes)**

The reduction or exemption of taxes in accordance with the provisions of this Act shall begin to be applied to the first application for the reduction or exemption of taxes or the first application for the exemption of taxes after this Act enters into force: Provided, That an application for the reduction or exemption of taxes or for the exemption of taxes which had been filed in accordance with the Foreign Investment and Foreign Capital Inducement Act before the enforcement of this Act but had not received a decision on the reduction or exemption of taxes or on the exemption of taxes by the enforcement date of this Act, shall be regarded as having been filed as of the enforcement date of this Act, so that it shall be governed by this Act.

#### **Article 5 (Transitional Measures concerning Receipt of Reports)**

(1) Cases for which the receipt of report was done, or the approval, permission, report, confirmation, or registration (hereinafter referred to as "approval") was obtained or done in accordance with the previous Foreign Investment and Foreign Capital Inducement Act before the enforcement date of this Act, shall be regarded as cases for which the report has been done or the approval has been obtained.

(2) Cases for which the report had been made or the application for the approval, permission, confirmation, or registration had been filed in accordance with the previous Foreign Investment and Foreign Capital Inducement Act, and the necessary procedures thereupon were being taken at the time this Act enters into force, shall be governed by the previous Foreign Investment and Foreign Capital Inducement Act.

(3) Cases for which the decision on the reduction or exemption of taxes or on the exemption of taxes had been made in accordance with the previous Foreign Investment and Foreign Capital Inducement Act before the enforcement of this Act shall be governed by the provisions of the previous Foreign Investment and Foreign Capital Inducement Act, notwithstanding the provision of Article 3 of this Addenda.

#### **Article 6 (Transitional Measures concerning Free Export Zone)**

The free export zone having already been established in accordance with the Establishment of the Act on Establishment of Free Export Zones at the time this Act enters into force shall be regarded as the foreign investment zone in applying the reduction or exemption of taxes or rental payments as prescribed by this Act.

#### **Article 7 (Transitional Measures concerning Penalty Provisions)**

The application of penal provisions to conduct committed before this Act enters into force shall be governed by the previous Foreign Investment and Foreign Capital Inducement Act.

**Article 8 Omitted.**

**Article 9 (Relations with Other Acts and Statutes)**

Where other Acts or subordinate statutes have cited provisions related to foreign investment from the previous Foreign Investment and Foreign Capital Inducement Act and/or the Foreign Capital Inducement Act at the time this Act enters into force, and where there are provisions in this Act corresponding to the cited provisions, those other laws or regulations shall be regarded as having cited the provisions in this Act corresponding to the cited provisions.

ADDENDA <Act No. 5654, Jan. 21, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force two months after the date of its promulgation.

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 5758, Feb. 5, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2000.

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 5827, Feb. 8, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after its promulgation.

**Articles 2 through 8 Omitted.**

ADDENDA <Act No. 5893, Feb. 8, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after its promulgation.

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 5911, Feb. 8, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after its promulgation.

**Articles 2 through 8 Omitted.**

ADDENDA <Act No. 5914, Feb. 8, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after its promulgation.

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 5982, May 24, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 6095, Dec. 31, 1999>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2001.

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 6193, Jan. 21, 2000>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2000.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 6317, Dec. 29, 2000>

**Article 1 (Enforcement Date)**

This Act shall enter into force on February 1, 2001.

**Article 2 (Applicable Cases for Report on Foreign Investment)**

The report under the amendments to Article 7 (1) 5 shall be applicable to the portion of conversion, acceptance, or exchange of stocks, in terms of the convertible bonds, stock depository receipts, and others similar to them, which is conducted on and after the enforcement date of this Act.

**Article 3 (Transitional Measures on Grievance Settlement Organ)**

The grievance settlement organ established in the Foreign Investment Support Center under the previous Article 15 (7) at the time of enforcement of this Act shall be regarded as the grievance settlement organ established in the Korea Trade and Investment Promotion Agency under the amendments to Article 15 (7).

ADDENDA <Act No. 6406, Jan. 29, 2001>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2001.

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 6452, Mar. 28, 2001>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2002.

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 6460, Apr. 7, 2001>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2001.

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 6642, Jan. 26, 2002>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after its promulgation.

**Articles 2 through 8 Omitted.**

ADDENDA <Act No. 6643, Jan. 26, 2002>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2003.

**Articles 2 through 17 Omitted.**

ADDENDA <Act No. 6842, Dec. 30, 2002>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2003.

**Articles 2 through 8 Omitted.**

ADDENDA <Act No. 7039, Dec. 31, 2003>

(1) (Enforcement Date) This Act shall enter into force on January 1, 2004.

(2) (Applicability to Furnishing of Funds in Cash) The amended provisions of Article 14-2 shall apply, starting with the first report made on a foreign investment after this Act enters into force.

ADDENDA <Act No. 7281, Dec. 31, 2004>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2005: Provided, That the amended provisions of Article 20 (3) 2 shall enter into force on the date of its promulgation.

**Article 2 (Application Deadline)**

The amended provisions of Article 20 (3) 2 shall apply until December 31, 2011. <Amended by Act No. 9374, Jan. 30, 2009>

### **Article 3 (Transitional Measures concerning Industrial Complex Exclusively for Foreign-Invested Enterprises)**

Any industrial complex exclusively for foreign-invested enterprises, which is designated in accordance with the provisions of Article 35-3 of the previous Industrial Cluster Development and Factory Establishment Act shall be deemed designated in accordance with the amended provisions of Article 18 (1) of this Act.

### **Article 4 (Transitional Measures concerning Penalty Provisions)**

The application of the penal provisions to any act committed prior to the enforcement of this Act shall be governed by the previous provisions.

### **Article 5 Omitted.**

ADDENDA <Act No. 7678, Aug. 4, 2005>

### **Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

### **Articles 2 through 12 Omitted.**

ADDENDUM <Act No. 7754, Dec. 23, 2005>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 7849, Feb. 21, 2006>

### **Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2006. (Proviso Omitted.)

### **Articles 2 through 41 Omitted.**

ADDENDA <Act No. 7864, Mar. 3, 2006>

### **Article 1 (Enforcement Date)**

This Act shall enter into force three months after the date of its promulgation.

### **Articles 2 through 11 Omitted.**

ADDENDA <Act No. 8014, Sep. 27, 2006>

### **Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

### **Articles 2 through 11 Omitted.**

ADDENDA <Act No. 8337, Apr. 6, 2007>

### **Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 8338, Apr. 6, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

**Articles 2 through 17 Omitted.**

ADDENDA <Act No. 8352, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 16 Omitted.**

ADDENDA <Act No. 8356, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 8358, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 8368, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 8369, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 16 Omitted.**

ADDENDA <Act No. 8370, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 20 Omitted.**

ADDENDA <Act No. 8371, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 8377, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 16 Omitted.**

ADDENDA <Act No. 8380, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 8401, Apr. 27, 2007>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation.

(2) (Applicable Example concerning Report of Foreign Investment by Acquisition of Existing Stocks, etc.)

The amended provisions of proviso of Article 6 (1) shall apply beginning with the portion in which existing stocks, etc. are acquired for the first time after this Act enters into force.

ADDENDA <Act No. 8404, Apr. 27, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 8466, May 17, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 8533, Jul. 19, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 8566, Jul. 27, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 8819, Dec. 27, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 8852, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 8974, Mar. 21, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 8976, Mar. 21, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 9037, Mar. 28, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2009.

**Articles 2 through 19 Omitted.**

ADDENDA <Act No. 9071, Mar. 28, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2009. (Proviso Omitted.)

**Articles 2 through 11 Omitted.**

ADDENDUM <Act No. 9239, Dec. 26, 2008>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 9313, Dec. 31, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 9374, Jan. 30, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation: Provided, That the amended provisions of Article 2 of Addenda of the Foreign Investment Promotion Act as amended by Act No. 7281 shall enter into force on the date of its promulgation.

**Article 2 Omitted.**

ADDENDA <Act No. 9401, Jan. 30, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 9407, Feb. 3, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force on February 4, 2009.

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 9432, Feb. 6, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 9774, Jun. 9, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 19 Omitted.**

ADDENDA <Act No. 10232, Apr. 5, 2010>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation.

(2) Deleted. <by Act No. 11535, Dec. 11, 2012>

(3) (Applicability to Cash Support) The amended provisions of Article 14-2 (1) shall apply to the first report on foreign investment made after this Act enters into force.

ADDENDA <Act No. 10272, Apr. 15, 2010>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 10310, May 25, 2010>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 10339, Jun. 4, 2010>

**Article 1 (Enforcement Date)**

This Act shall enter into force one month after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 10801, Jun. 15, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 10892, Jul. 21, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 11020, Aug. 4, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 11029, Aug. 4, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 11042, Sep. 15, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2012.

**Article 2 Omitted.**

ADDENDA <Act No. 11232, Jan. 26, 2012>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 11535, Dec. 11, 2012>

**Article 1 (Enforcement Date)**

This Act shall enter into force on December 31, 2012: Provided, That the amended provisions of Articles 13, 15-2 and 27 (2) shall enter into force six months after the date of its promulgation.

**Article 2 (Applicability to Use, Profiting from, Lease and Purchase of State or Public Property, etc.)**

The amended provisions of Article 13 (2) shall begin to apply to a foreign-invested company that first uses, profits from, leases or purchases land, etc. on or after the date this Act enters into force.

ADDENDA <Act No. 11690, Mar. 23, 2013>

**Article 1 (Enforcement Date)**

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

**Articles 2 through 7 Omitted.**

ADDENDUM <Act No. 12225, Jan. 10, 2014>

This Act shall enter into force two months after the date of its promulgation.

ADDENDA <Act No. 12592, May 20, 2014>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 12844, Nov. 19, 2014>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation: Provided, That any amendment of the Acts made under Article 6 of this Addenda, which were promulgated before this Act comes into force, but the enforcement date of which has yet to arrive, shall enter into force on the date the corresponding Act takes effect.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 13082, Jan. 28, 2015>

**Article 1 (Enforcement Date)**

This Act shall enter into force three months after the date of its promulgation.

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 13426, Jul. 24, 2015>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 39 Omitted.**

ADDENDA <Act No. 13854, Jan. 27, 2016>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Article 2 (Applicability to Registration of Alteration of Foreign-Capital Invested Companies)**

The amended Article 21 (3) 2 shall also apply where customs duties, etc. are exempted under Article 121-3 of the Restriction of Special Taxation Act before this Act enters into force, but such customs duties, etc. are collected under Article 121-5 (2) 2 of the same Act after this Act enters into force.

**Article 3 (Transitional Measures concerning Follow-Up Management of Foreign Investment)**

Notwithstanding the amended Article 21 (4), the former provisions shall apply to a foreign investor or foreign-capital invested company which falls under the former provisions of the subparagraphs of Article 21 (3) before this Act enters into force.

**Article 4 (Transitional Measures Following Abolishment of Reporting on Licensing Agreements)**

The Restriction of Special Taxation Act shall apply to the tax reduction or exemption for foreign engineers who provide labor in the Republic of Korea under a licensing agreement (limited to where the provision of labor starts on or before December 31, 2014) reported under the former Article 25 before this Act enters into force.

**Article 5 (Transitional Measures concerning Penalty Provisions)**

The former penal provisions shall apply to violations committed before this Act enters into force.

**Article 6 (Transitional Measures concerning Article 15 of the Housing Act)**

In the amended subparagraph 9 (d) of attached Table 1, “Article 15 of the Housing Act” shall be construed as “Article 16 of the Housing Act” until August 11, 2016.

**Article 7 Omitted.**

ADDENDA <Act No. 14839, Jul. 26, 2017>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation: Provided, That among Acts amended pursuant to Article 5 of the Addenda, amendments of Acts which are promulgated but of which the enforcement dates have not arrived shall enter into force on the dates of promulgation of the relevant Acts.

**Articles 2 through 39 Omitted.**

Last updated : 2017-09-15

