

# ACT ON RAISING LUMP-SUM SAVING OF FARMING AND FISHING HOUSEHOLDS

Act No. 3797, Dec. 23, 1985  
Amended by Act No. 4806, Dec. 22, 1994  
Act No. 5454, Dec. 13, 1997  
Act No. 5505, Jan. 13, 1998  
Act No. 6736, Dec. 5, 2002  
Act No. 6836, Dec. 30, 2002  
Act No. 7311, Dec. 31, 2004  
Act No. 8050, Oct. 4, 2006  
Act No. 8863, Feb. 29, 2008  
Act No. 10687, May 19, 2011  
Act No. 12261, Jan. 14, 2014  
Act No. 19258, Mar. 21, 2023

## Article 1 (Purpose)

The purpose of this Act is to create the stable basis of livelihood for farmers and fishers by supporting them amass assets and encourage them to set aside savings, and to help them to contribute to the development of agricultural, fishery and livestock industries by inducing their earnings to savings to increase the supply of agricultural, fishery and livestock funds.

## Article 2 (Definition)

The terms used in this Act are defined as follows: <Amended on Jan. 14, 2014; Mar. 21, 2023>

1. The term "savings institutions" means any of the followings:

- (a) A regional agricultural cooperative federation, regional livestock cooperation federation and cooperative federation by item and type of business established pursuant to the Agricultural Cooperatives Act;
- (b) A fisheries cooperative by region and a fisheries cooperative by type of business established pursuant to the Fisheries Cooperatives Act;
- (c) A regional forestry cooperative and a forestry cooperative by item or by type of business established pursuant to the Forestry Cooperatives Act.

2. The term "farmers and fishers" in this Act means the following persons prescribed by Presidential Decree:

- (a) A farmer defined in subparagraph 2 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry;
- (b) A fisher defined in subparagraph 3 of Article 3 of the Framework Act on Fisheries and Fishing Villages Development;
- (c) Deleted; <Mar. 21, 2023>

3. The term "lump-sum saving of farming and fishing households" means the savings of the farmers and fishers for the purposes of receiving the principal and interest of the savings, and the savings bounty in cash after saving for a given period.

### **Article 3 (Preferential Support)**

(1) The Government, the Bank of Korea under the Bank of Korea Act (hereinafter referred to as "the Bank of Korea") and savings institutions shall preferentially take necessary measures to support the stable livelihood of farmers and fishers and encourage them to save and amass assets, and implement such measures.

(2) Savings institutions shall faithfully follow the procedures and methods of savings under this Act and the orders issued under this Act, and provide other necessary conveniences for farmers and fishers saving up for accumulating a large sum of money for farming and fishing households under the provisions of this Act from the conclusion of a savings contract until receipt of the principal and interest of the savings and the savings bounty after the expiration of the savings contract period.

### **Article 4 (Contracts for Raising Lump-Sum Savings of Farming and Fishing Households)**

(1) Farmers and fishers who intend to participate in lump-sum savings of farming and fishing households shall enter into a contract with savings institutions. In such cases, each savings institution shall confirm whether a person who desires to have savings falls under a farmer or a fisher. <Amended on Jan. 14, 2014>

(2) Where necessary for confirming whether a person is a farmer or a fisher under paragraph (1), a savings institution may request the National Tax Service to provide it with taxation information on earned income, business income, property income and public transfer income necessary for confirming income with the consent of a person who desires to have savings. In such cases, it shall request taxation information, specifying the following matters: <Newly Inserted on Jan. 14, 2014>

- 1. Personal information on a taxpayer;
- 2. Purposes of use.

(3) Where the Commissioner of National Tax Service is requested to provide taxation information pursuant to paragraph (2), he/she shall notify a savings institution of taxation information, as prescribed by Presidential Decree. <Newly Inserted on Jan. 14, 2014>

(4) The amounts, period and methods of savings and other matters necessary for savings contracts shall be prescribed by Presidential Decree. <Amended on Jan. 14, 2014>

#### **Article 5 (Effects of Savings Contracts)**

(1) Where farmers and fishers are not farmers and fishers any longer after entering into a contract for raising lump-sum savings of farming and fishing households, the farmers and fishers shall be deemed farmers and fishers under this Act until the period of the savings contract expires.

(2) No savings institution dealing with lump-sum savings of farming and fishing households shall change the payment rate of the interest for the amount of savings and other conditions to be more disadvantageous than those determined as at the time such savings contract is concluded until the expiration of the period of the savings contract.

#### **Article 6 (Savings Bounties)**

When farmers and fishers have saved money for a given period under the savings contract under Article 4, the Government shall pay savings bounties (hereinafter referred to as "savings bounties"), as prescribed by Presidential Decree, other than the payment of interest, etc. for the amount of savings by savings institutions. In such cases, the Government shall not change the payment rate or payment method of the savings bounties to be more disadvantageous than those determined as at the time a savings contract is concluded until the expiration of the period of such saving contract.

#### **Article 7 (Savings Bounty Fund for Lump-Sum Savings of Farming and Fishing Households)**

(1) The Government shall establish the bounty fund for the raising lump-sum savings of farming and fishing households to pay savings bounties.

(2) The Fund shall be raised by the following financial resources:

1. Contributions of the Government;
2. Contributions of the Bank of Korea;
3. Operating profits of the Fund.

(3) The Government shall contribute not less than one half of the amount required for the savings bounty to the Fund each year, and cover all amounts of deficit incurred from the operation of the Fund in the following year.

(4) The Bank of Korea shall contribute the necessary amount of money according to the plan for raising and operating fund under Article 9 from its surpluses and reserves each year to the Fund, until the fiscal year when the payment of the savings bounty under this Act expires after undergoing resolution by the Monetary Policy Committee under Article 12 of the Bank of Korea Act.

#### **Article 8 (Operation and Management of Fund)**

- (1) The Fund shall be operated and managed by the Financial Services Commission.
- (2) The Financial Services Commission may entrust the Governor of the Bank of Korea with the affairs concerning the operation and management of the Fund.
- (3) Accounts of the Fund shall be settled under the principles of the business accounting.
- (4) The fund shall be operated by the following methods:
  1. Purchasing national bonds, local government bonds, monetary stabilization bonds of the Bank of Korea under Article 69 (1) of the Bank of Korea Act and other securities designated by the Financial Services Commission;
  2. Temporary deposits to financial institutions or short-term loans;
  3. Deposits in the Bank of Korea.

#### **Article 9 (Plans for Raising and Operating Fund)**

The Financial Services Commission shall draw up a plan for raising and operating the Fund every fiscal year and obtain approval of the President through deliberation thereon by the State Council.

#### **Article 10 (Accounting Institutions of Fund)**

- (1) The Financial Services Commission shall appoint the Fund revenue collecting officer, the Fund financial officer, the Fund expenditure officer and the Fund accounting public official from among the public officials under its control to perform the affairs concerning the revenue and expenditure of the Fund.
- (2) When the Financial Services Commission has entrusted the Governor of the Bank of Korea with the affairs concerning the operation and management of the Fund under Article 8 (2), it may appoint the deputy governor in charge of the fund revenue and the deputy governor in charge of the act of grounds for Fund expenditure out of the deputy governors of the Bank of Korea, and appoint a staff-member for the Fund expenditure and a staff-member for the Fund accounting among the staff. In such cases, the deputy governor in charge of the Fund revenue shall perform the duties of the fund revenue collecting officer, the deputy governor in charge of the act of grounds for the Fund expenditure the duties of the Fund financial officer, the staff-member for the Fund expenditure the duties of the Fund expenditure officer, the staff-member for the Fund accounting the duties of the Fund accounting public officer respectively.

#### **Article 11 (Temporary Loans)**

- (1) If necessary for operation of the Fund, the Financial Services Commission may temporarily take out loans from the Bank of Korea at the expense of the Fund.
- (2) Temporary loans under paragraph (1) shall be redeemed within one year from the date such loans are offered.

### **Article 12 (Approval for Settlement of Accounts)**

(1) The Financial Services Commission shall draw up a report on the settlement of accounts of the Fund each fiscal year and obtain the approval of the President through deliberation thereon by the State Council by March 31 of the following fiscal year.

(2) Articles 68 (1) and 73 of the National Finance Act shall apply to the plan for raising and operating fund under Article 9 and approval for the settlement of accounts under paragraph (1).

### **Article 13 (Loss Protection to Savings Institutions)**

The Fund may protect any loss of the savings institutions incurred by not modifying the payment rate of interest and other conditions under Article 5 (2) each year.

### **Article 14 (Fund Operation of Savings Institutions)**

(1) The Financial Services Commission shall draw up a plan for raising and operating lump-sum savings funds of farming and fishing households each fiscal year classified by the national federation of the savings institutions.

(2) Savings institutions shall operate funds raised by lump-sum savings of farming and fishing households as the agricultural, fisheries and livestock funds.

### **Article 15 (Separate Accounting, etc. of Lump-Sum Savings Funds of Farming and Fishing Households)**

(1) Savings institutions shall establish separate accounts to manage lump-sum savings funds of farming and fishing households.

(2) Savings institutions shall manage and operate lump-sum savings funds of farming and fishing households according to their own computations.

### **Article 16 Deleted.** <Dec. 22, 1994>

### **Article 17 (Supervision, etc.)**

(1) The Financial Services Commission may issue orders to savings institutions necessary for supervision with respect to the affairs under the provisions of this Act.

(2) The Financial Services Commission may, when necessary, order savings institutions to file a report concerning the affairs under the provisions of this Act or have public official under its control inspect such affairs.

(3) The Financial Services Commission may entrust its authority under the provisions of paragraphs (1) and (2) to the Governor of the Financial Supervisory Service under Article 24 of the Act on the Establishment, etc. of Financial Services Commission.

### **Article 18 (Relationship with other Acts and Subordinate Statutes)**

When any provisions of the Bank of Korea Act, the Banking Act and other Acts and subordinate statutes are in conflict with the provisions of this Act, the provisions of this Act shall govern.

### **Article 19 Deleted.** <May 19, 2011>

### **Article 20 (Recovery of Savings Bounties)**

(1) Where a farmer or a fisher who has received savings bounties falls under any of the following, the Financial Services Commission shall recover savings bounties he/she has received, as prescribed by Presidential Decree:

1. Where he/she has entered into a contract for raising lump-sum savings of farming and fishing households by deception or other fraudulent means;
2. Where he/she has erroneously received savings bounties.

(2) Where the Financial Services Commission recovers savings bounties pursuant to paragraph (1), it may collect savings bounties by referring to practices of disposition on default of national taxes and local taxes if a person who should return savings bounties fails to return them within a period.

(3) The Financial Services Commission may entrust part of affairs concerning the recovery of saving accounts under paragraph (1) to a savings institution.

(4) Where necessary for recovery under paragraph (1), it may request the National Tax Service to provide taxation information, specifying matters referred to in the subparagraphs of Article 4 (2). In such cases, notwithstanding the provisions of Article 81-3 of the Framework Act on National Taxes, it may provide a savings institution with taxation information provided by the National Tax Service.

(5) The Financial Services Commission shall pay savings bounties it has recovered pursuant to paragraphs (1) and (2) to the Fund.

### **Article 21 (Penalty Provisions)**

Any person who has been paid savings bounties by deception or other fraudulent means shall be punished by imprisonment for not more than one year or a fine not exceeding ten million won.

### **ADDENDA** <Act No. 3797, Mar. 23, 1985>

(1) (Enforcement Date) This Act shall enter into force on January 1, 1986.

(2) (Transitional Measure) Raising lump-sum saving for farming and fishing households for which the farmers and fishers have entered into contract with the local agricultural cooperative, the fisheries cooperatives by region and by the types of business or the corporate fishing village fraternities prior to the enforcement of this Act shall be deemed the raising lump-sum saving under this Act.

(3) (Transitional Measures) As the period of the savings contract of the lump sum-raising savings of farming and fishing households for which the local agricultural cooperatives, the fisheries cooperatives by region and by business types or the corporate fishing village fraternities had entered into the contract with the farmers and fishers prior this Act entering into force, expired prior to this Act entering into force, when they paid the savings bounty, the amount of money which the local agricultural cooperatives, the fisheries cooperatives by region and by business types or the corporate fishing village fraternities paid with their own funds due to insufficiency of the savings bounty, shall be paid from the Fund.

ADDENDA <Act No. 4806, Dec. 22, 1994>

**Article 1 (Enforcement Date)**

(1) This Act shall enter into force on January 1, 1995: Provided, That ...

(2) Omitted

**Articles 2 through 18 Omitted.**

ADDENDUM <Act No. 5454, Dec. 13, 1997>

This Act shall enter into force on January 1, 1998. (Proviso Omitted.)

ADDENDA <Act No. 5505, Jan. 13, 1998>

(1) (Enforcement Date) This Act shall enter into force on April 1, 1998. (Proviso Omitted.)

(2) through (5) Omitted.

ADDENDA <Act No. 6736, Dec. 5, 2002>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 6836, Dec. 30, 2002>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 7311, Dec. 31, 2004>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 16 Omitted.**

ADDENDA <Act No. 8050, Oct. 4, 2006>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 8863, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 5 Omitted.**

ADDENDUM <Act No. 10687, May 19, 2011>

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

ADDENDA <Act No. 12261, Jan. 14, 2014>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measures concerning Penal Provisions, etc.)**

When applying penal provisions to any act performed before this Act enters into force, the former provisions shall apply thereto.

**Article 3 (Applicability concerning Recovery of Savings Bounties)**

Recovery of savings bounties under the amended provisions of Article 20 shall apply beginning with the first savings for which a contract is entered into after this Act enters into force.

ADDENDUM <Act No. 19258, Mar. 21, 2023>

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

Last updated : 2023-04-18

