

SUPPORT FOR SMALL AND MEDIUM ENTERPRISE ESTABLISHMENT ACT

Wholly Amended by Act No. 18661, Dec. 28, 2021

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to create a business startup ecosystem where every citizen can exercise entrepreneurship to start up a business based on creative ideas and innovative technologies and grow a startup into a global leading enterprise, thereby building a startup nation, which creates new growth engines of the national economy and jobs in the era of digital economy.

Article 2 (Definitions)

The terms used in this Act are defined as follows:

1. The term "small and medium enterprise" means a small and medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises;
2. The term "business startup" means the establishment of a new small and medium enterprise, as prescribed by Presidential Decree;
3. The term "startup" means an enterprise in whose case seven years have not elapsed since it commenced its business after the establishment of a small and medium enterprise (including a corporation and sole proprietor). In such cases, the detailed scope of startups, such as matters regarding the commencement of business, shall be prescribed by Presidential Decree;
4. The term "aspiring business starter" means an individual, etc. who intend to start up a business;
5. The term "business re-startup" means the establishment of a new small and medium enterprise after the closure of an existing small and medium enterprise;
6. The term "re-startup" means an enterprise in whose case seven years have not elapsed since it commenced its business after re-starting up the business. In such cases, the detailed scope of re-startups, such as matters regarding the commencement of business, shall be prescribed by Presidential Decree;
7. The term "aspiring business re-starter" means an individual, etc. who intend to re-start up a business;
8. The term "new industry business startup" means starting up a business by converging existing industries or based on industries that are expected to have a better marketability, create greater ripple

effects, show potential growth, and contribute to the development of the national economy (hereinafter referred to as “new industries”);

9. The term "technology business startup" means business startup in which a new business area is developed or explored by facilitating convergence with various sectors including culture, based on creative ideas, new technologies, scientific technologies, and information and communications technologies;

10. The term “startup at an early stage” means a startup in whose case three years have not passed since it commenced business meeting the standards prescribed by Presidential Decree after starting up the business;

11. The term "young person owned startup" means a startup whose representative is 39 years of age or younger;

12. The term "aspiring young business starter" means an individual, etc. 39 years of age or younger who intend to start up a business;

13. The term “middle-aged person owned startup” means a startup whose representative is 40 years of age or older.

Article 3 (Responsibilities of the State and Local Governments)

(1) To build a startup nation, the Government shall promote new industry business startup and technology business startup (hereinafter referred to as “new industry and technology business startup”) and shall formulate and implement policy measures necessary to facilitate commercialization by startups and strengthen their capacities to engage in global business.

(2) The Government shall formulate a plan to support business startup that is suited for the characteristics of a person eligible for support, in overall consideration of the technology, business feasibility, innovativeness, growth potential, etc. of an aspiring business starter, a startup, an aspiring business re-starter, a re-startup, etc. (hereinafter referred to as "startup, etc.").

(3) A local government shall endeavor to ease regulation that hinders business startup and to create a business startup-friendly environment in order to facilitate business startup with distinguishing features utilizing local resources, and shall interact and cooperate with local institutions and organizations related to business startup, such as universities, colleges, and research institutes, to promote a business startup ecosystem in each region.

(4) The Government and local governments shall endeavor to provide more effective support for the business startup of small and medium enterprises, startups, etc. through mutual cooperation.

Article 4 (Responsibilities of Startups)

(1) A startup, etc. shall endeavor to secure global competitiveness and to ensure continuous growth and advancement by developing and utilizing innovative ideas and technologies.

(2) A startup, etc. participating in projects for supporting business startup that are conducted by the Government and local governments and persons related thereto shall be involved in the formulation and implementation of business startup policies and plans of the Government and local governments in a fair and transparent manner and fully cooperate therein.

(3) A startup, etc. shall endeavor to contribute to finding and growing new startups and developing a business startup ecosystem by utilizing their capabilities, such as experience, knowledge, and technologies, as well as resources.

Article 5 (Scope of Application)

(1) This Act shall apply to business startup and startups, etc.: Provided, That this shall not apply to starting up types of business and startups, etc. that are clearly against the economic order and good public morals, such as gambling business.

(2) The scope of types of business under the proviso of paragraph (1) shall be prescribed by Presidential Decree.

Article 6 (Relationship to Other Statutes)

Except as otherwise provided in other statutes, this Act shall apply to business startup and startups, etc.

CHAPTER II FORMULATION, AND SYSTEM FOR PURSUIT, OF BUSINESS STARTUP POLICIES

Article 7 (Formulation of Comprehensive Plans to Support Business Startup)

(1) The Minister of SMEs and Startups shall formulate and implement a comprehensive plan to support business startup (hereinafter referred to as "comprehensive plan") every three years in order to promote business startup and the growth and development of startups, etc., following deliberation by the Small and Medium Enterprises Policy Deliberative Council established under Article 20-4 of the Framework Act on Small and Medium Enterprises.

(2) A comprehensive plan shall include the following:

1. Basic direction-setting for the comprehensive plan;
2. Matters regarding promoting business startup and supporting the growth and development of startups, etc.;
3. Matters regarding establishing infrastructure to support business startup for each eligible group, such as a young person owned startup, a middle-aged person owned startup, an aspiring business starter, a re-startup, etc.;
4. Matters regarding providing support for each field, such as new industry and technology business startup;

5. Matters necessary to strengthen the technological innovation capabilities of start-ups, etc.;
6. Matters regarding sales channels of, and entry into overseas markets by, startups, etc.;
7. Matters regarding exchanges and cooperation between startups, etc. and institutions supporting business startup;
8. Matters regarding attracting excellent foreign startups and related human resources to the Republic of Korea;
9. Matters regarding improving systems and statutes or regulations related to business startup;
10. Other matters deemed necessary by the Minister of SMEs and Startups.

Article 8 (Formulation of Action Plans to Support Business Startup)

- (1) The Minister of SMEs and Startups shall formulate and publicly announce an action plan to support business startup (hereinafter referred to as "action plan") every year in order to implement a comprehensive plan, in consultation with the heads of relevant central administrative agencies.
- (2) The Minister of SMEs and Startups and the head of relevant central administrative agency shall implement matters in an action plan that are under his or her jurisdiction and shall endeavor to secure financial resources necessary for such implementation.
- (3) The Minister of SMEs and Startups and the head of a relevant central administrative agency may request the head of a local government to take measures necessary to implement an action plan, if necessary to promote business startup and support the growth and development of startups, etc.

Article 9 (Organization and Operation of Business Startup Support Policy Council)

- (1) A Business Startup Support Policy Council (hereinafter referred to as the "Policy Council") shall be established under the Ministry of SMEs and Startups to consult with the relevant central administrative agencies and institutions supporting business startup on matters necessary for policies for promoting business startup and supporting business re-startup and startups, etc.
- (2) The organization, functions, and operation of the Policy Council and other necessary matters shall be prescribed by Presidential Decree.

Article 10 (Pursuit of Projects to Facilitate Business Startup)

- (1) The Minister of SMEs and Startups may pursue projects regarding the following matters or formulate and implement necessary policy measures in order to facilitate the business startup of small and medium enterprises and to support the growth and development of startups, etc.:
 1. Finding and fostering startups, etc. and providing support therefor;
 2. Supporting the commercialization of outstanding ideas of startups, etc.;
 3. Finding and fostering startups, etc. through enterprises, organizations related to business startup, etc.;
 4. Supporting the development of sales channels of, and entry into overseas markets by, startups, etc.;

5. Educating startups, etc. on business startup and expanding infrastructure for business startup;
 6. Facilitating the attraction of foreign talent or enterprises;
 7. Facilitating the accumulation, processing, sharing, utilization, etc. of knowledge, information, and data related to business startup policies and startups, etc. through information and communications networks such as the Internet;
 8. Other projects prescribed by Presidential Decree.
- (2) Where the Minister of SMEs and Startups pursues a project prescribed in paragraph (1), he or she may give preferential treatment to the following persons:
1. An aspiring young business starter or a young person owned startup;
 2. An aspiring female business starter or a female owned startup (referring to a startup whose representative is female);
 3. An aspiring business starter who is a person with a disability (referring to a person with a disability defined in subparagraph 1 of Article 2 of the Act on the Facilitation of Entrepreneurial Activities of Persons with Disabilities), or a startup owned by a person with a disability (referring to a startup whose representative is a person with a disability defined in subparagraph 1 of Article 2 of the Act on the Facilitation of Entrepreneurial Activities of Persons with Disabilities).
- (3) Where deemed necessary to pursue a project prescribed in paragraph (1), the Minister of SMEs and Startups may, within the budget, provide contributions or subsidies to universities, colleges, research institutes, public institutions, organizations related to business startup, or startups, etc. to cover all or part of the expenses incurred in conducting the relevant project.
- (4) Procedures, methods, etc. for providing contributions or subsidies under paragraph (3) shall be prescribed by Presidential Decree.

Article 11 (Formulation of Policy Measures for Supporting Business Startup by Age Group)

- (1) The Minister of SMEs and Startups may formulate and implement policy measures for supporting business startup in overall consideration of the characteristics of each age group for startups, such as a young person owned startup and middle-aged person owned startup.
- (2) Policy measures for supporting business startup by age group as prescribed in paragraph (1) shall include the following:
1. Creating a foundation for promoting business startup that is suited for the characteristics of each age group;
 2. Supporting the growth and development of startups in consideration of the characteristics of each age group for such startups;
 3. Facilitating convergence business startup by middle-aged persons and promoting exchanges and cooperation among startups;
 4. Other matters deemed necessary by the Minister of SMEs and Startups to strengthen the competitiveness of startups by age group.

(3) The heads of the relevant central administrative agencies or the heads of local governments may provide administrative and financial assistance necessary for policy measures for supporting business startup by age group as prescribed in paragraph (1).

Article 12 (Efficiency of Policies for Supporting Business Startup)

(1) The heads of central administrative agencies and the heads of local governments shall endeavor to ensure that projects for supporting business startup performed with financial assistance from the State and local governments (hereinafter referred to as “project for supporting business startup”) are not similar to, or overlap with existing projects, and shall efficiently implement policies for supporting business startup by linking the projects together, strengthening cooperation, or using other means.

(2) The Minister of SMEs and Startups may suggest guidelines, etc. for the following matters in consultation with relevant central administrative agencies in order to efficiently pursue and manage projects for supporting business startup (excluding national research and development programs governed by the National Research and Development Innovation Act):

1. Matters regarding the planning, public announcement, etc. of projects for supporting business startup;
2. Matters regarding the selection of, and agreements on, projects for supporting business startup;
3. Matters regarding the implementation, etc. of projects for supporting business startup, including information on and performance management of such projects;
4. Other necessary matters regarding the planning and management of, and feedback on, projects for supporting business startup.

(3) The Minister of SMEs and Startups shall apply Articles 20-3 and 20-5 of the Framework Act on Small and Medium Enterprises to efficiently pursue policies for supporting business startup prescribed in paragraph (1) (excluding national research and development programs governed by the National Research and Development Innovation Act).

(4) Where the Minister of SMEs and Startups determines the guidelines, etc. prescribed in paragraph (2), he or she shall publicly notify the details thereof.

Article 13 (Fact-Finding Surveys and Preparation of Statistics)

(1) The Minister of SMEs and Startups shall conduct annual surveys on the current status and actual conditions of the business startup of small and medium enterprises and startups, etc. in order to promote the business startup of small and medium enterprises and efficiently formulate and implement comprehensive plans and action plans.

(2) The Minister of SMEs and Startups shall prepare, manage, and publicize statistics on the business startup of small and medium enterprises and startups, etc. by referring to fact-finding surveys, etc. conducted under paragraph (1) and, where necessary, he or she may have a consultation with the Commissioner of the Statistics Korea.

(3) The scope and methods of fact-finding surveys under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 14 (Collection and Provision of Information on Business Startup Policies)

The Government shall, with regard to startups, etc., devise policy measures necessary to collect and provide information on funds, human resources, technologies, sales channels, locations, etc. required for business startup and the growth and development of startups.

Article 15 (Establishment and Operation of Comprehensive Business Startup Management System)

(1) The Minister of SMEs and Startups may establish and operate a comprehensive business startup management system to comprehensively manage and effectively provide information relating to business startup.

(2) The establishment and operation of the comprehensive business startup management system under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

CHAPTER III EXPANSION OF BASE OF BUSINESS STARTUP AND IMPROVEMENT OF BUSINESS STARTUP ENVIRONMENT

Article 16 (Fostering and Dissemination of Entrepreneurship)

(1) The Minister of SMEs and Startups may pursue the following activities not only to enable all citizens including startups, etc. to foster their willingness and attitude towards hardship based on creativeness and challenging spirit, social responsibility, etc. (hereinafter referred to as “entrepreneurship”) so as to help them actively respond to changing economic conditions and create new opportunities and values, but also to disseminate entrepreneurship throughout the society:

1. Developing and conducting educational courses to foster entrepreneurship;
2. Providing startups, etc. with consulting and mentoring services related to entrepreneurship;
3. Fostering cooperation and establishing and operating networks with regard to entrepreneurship;
4. Strengthening exchanges, cooperation, and international solidarity related to global entrepreneurship;
5. Other matters deemed necessary by the Minister of SMEs and Startups to foster and disseminate entrepreneurship.

(2) Where necessary to pursue the activities prescribed in paragraph (1), the Minister of SMEs and Startups may provide contributions or subsidies to cover all or part of the expenses, within the budget.

Article 17 (Contributions to the Korea Entrepreneurship Foundation)

In order to foster and disseminate entrepreneurship for citizens and startups, etc., the Minister of SMEs and Startups may, within the budget, provide contributions or subsidies to a nonprofit corporation that has

obtained permission for its incorporation from the Minister of SMEs and Startups pursuant to Article 32 of the Civil Act and that is mainly engaged in the following activities:

1. Planning, developing, and researching projects for promoting entrepreneurship;
2. Conducting fact-finding surveys, and preparing and managing statistics, on entrepreneurship;
3. Developing and disseminating educational courses and materials on entrepreneurship, and supporting the management and operation of educational projects related to entrepreneurship;
4. Creating social and economic conditions for fostering and disseminating entrepreneurship, such as identifying and publicizing exemplary cases of entrepreneurship;
5. Creating better conditions for, identifying and removing obstacles to, entrepreneurship;
6. Other activities designated and entrusted by the Minister of SMEs and Startups to foster and disseminate entrepreneurship.

Article 18 (Facilitation of Education on Business Startup)

(1) The Minister of SMEs and Startups may provide education on business startup to citizens and startups, etc., including children, the youth, college and university students, and young persons, in order to expand a base of business startup and prepare aspiring business starters for business startup.

(2) The Minister of SMEs and Startups may pursue the following activities to efficiently provide education on business startup under paragraph (1):

1. Studying the details and methods of education on business startup;
2. Planning and developing content of education on business startup;
3. Promoting education on business startup by region;
4. Improving awareness of business startup through education on business startup;
5. International cooperation regarding education on business startup;
6. Fostering instructors, etc. who can teach on business startup and supporting their activities;
7. Connecting education on business startup with education provided by schools prescribed in the Elementary and Secondary Education Act, the Higher Education Act, and any other Act; vocational education and training under the Vocational Education and Training Promotion Act; career education under the Career Education Act; and lifelong education, etc. under the Lifelong Education Act;
8. Other matters deemed necessary by the Minister of SMEs and Startups to promote education on business startup.

(3) Where the Minister of SMEs and Startups pursues the activities prescribed in the subparagraphs of paragraph (2), he or she may request the heads of relevant central administrative agencies and the heads of local governments to provide cooperation. In such cases, a person requested to provide cooperation shall fully cooperate in fulfilling such request unless there is a compelling reason not to do so.

Article 19 (Designation of Graduate Schools of Entrepreneurship)

(1) The Minister of SMEs and Startups may designate a graduate school that aims at fostering professionals in business startup (hereinafter referred to as “graduate school of entrepreneurship”), from among the graduate schools prescribed in Article 29 (1) of the Higher Education Act, and may provide such school with contributions to help it cover the expenses incurred in its operation, etc. within the budget or give other necessary support.

(2) Where graduate schools of entrepreneurship unite to make educational courses efficient by sharing physical and human resources and using other means, the Minister of SMEs and Startups may provide such schools with subsidies to help them cover the expenses incurred therein.

(3) The Minister of SMEs and Startups shall publicly notify matters necessary for the designation of and support for graduate schools of entrepreneurship and any other necessary matter.

Article 20 (Dissemination of Culture and Atmosphere Encouraging Business Startup)

(1) The Minister of SMEs and Startups may implement the following projects necessary to disseminate a culture and atmosphere that encourages initiative and challenging spirit in order to raise citizens' awareness about the importance of business startup and facilitate business startup throughout the society:

1. Finding, rewarding, and publicizing startups that show excellent performance with regard to job creation, investment attraction, etc.;
2. Finding and rewarding public institutions, their executive officers and employees, and other persons that make a significant contribution to supporting the facilitation of business startup;
3. Holding academic conferences and seminars to facilitate business startup;
4. Planning and promoting domestic and overseas events, festivals, etc. for exchanges and cooperation among startups and institutions supporting business startup;
5. Other matters deemed necessary by the Minister of SMEs and Startups to disseminate a culture and atmosphere that encourages business startup.

(2) The Minister of SMEs and Startups may provide support to projects implemented under paragraph (1) so that they can go global and become bigger and specialized and ultimately can be developed into globally competitive projects.

Article 21 (Identifying and Improving Regulation Hindering Business Startup)

(1) The Government shall endeavor to identify and improve various regulation in order to ease or remove unnecessary regulation that hinders business startup or impede the growth of startups, etc.

(2) The Minister of SMEs and Startups may submit a plan to improve regulation provided in paragraph (1) to the Policy Council for consultation and may decide on such plan following deliberation by the Small and Medium Enterprises Policy Deliberative Council under Article 20-4 of the Framework Act on Small and Medium Enterprises.

(3) Where deemed necessary to formulate and implement a plan to improve regulation under paragraph (1), the Minister of SMEs and Startups may request the heads of relevant central administrative agencies

and the heads of local governments to provide cooperation. In such cases, a person requested to provide cooperation shall comply with such request unless there is a compelling reason not to do so.

Article 22 (Easing of Burdens Related to Business Startup including Procedures for Business Startup and Costs Thereof)

(1) The Government may prepare institutional and procedural measures regarding the simplification of administrative procedures, the easing of costs borne by startups, etc., in order to promote business startup and create an environment where business startups can continue to grow.

(2) Measures taken under paragraph (1) may include the following:

1. Simplifying procedures to reduce time required for business startup;
2. Providing financial support, etc. to reduce costs related to business startup;
3. Other matters necessary to ease burdens on startups, etc.

(3) Where deemed necessary to take the measures prescribed in paragraph (2), the Minister of SMEs and Startups may request the heads of relevant central administrative agencies and the heads of local governments to provide cooperation. In such cases, a person requested to provide cooperation shall comply with such request unless there is a compelling reason not to do so.

Article 23 (Exempting Startups from Charges, Costs, or Expenses)

(1) A startup that obtains approval of a plan to establish factories under Article 45 shall be exempted from the following charges, costs, or expenses for seven years from the date it commences business:

1. Farmland preservation charges under Article 38 (1) of the Farmland Act;
2. Costs incurred in creating substitute grassland under Article 23 (8) of the Grassland Act;
3. Expenses incurred in creating forest replacement resources under Article 19 (1) of the Mountainous Districts Management Act;
4. Development charges under Article 7 of the Restitution of Development Gains Act.

(2) A person who starts up a small and medium enterprise to engage in manufacturing business specified in the Korean Standard Industrial Classification prepared and publicly notified by the Commissioner of the Statistics Korea pursuant to Article 22 (1) of the Statistics Act shall be exempted from the following charges, costs, or expenses for seven years from the date he or she commences business: Provided, That such person shall be exempted from the charges provided in subparagraphs 8 through 11 for three years from the date the charges are first imposed on him or her: <Amended on Dec. 28, 2021>

1. Allotted charges under Article 155 of the Local Autonomy Act;
2. Farmland preservation charges under Article 38 (1) of the Farmland Act;
3. Costs incurred in creating substitute grassland under Article 23 (8) of the Grassland Act;
4. Charges under Article 51 (1) of the Electric Utility Act;
5. Basic charges under Article 35 (2) 1 of the Clean Air Conservation Act (limited to places of business that emit less than 10 tons of air pollutants in total per year);

6. Basic effluent charges under Article 41 (1) 1 of the Water Environment Conservation Act (limited to places of business that discharge less than 200 cubic meters of wastewater per day);
 7. Waste charges under Article 12 (1) of the Act on the Promotion of Saving and Recycling of Resources (limited to manufacturers whose annual sales are less than two billion won);
 8. Water use charges under Article 19 (1) of the Act on the Improvement of Water Quality and Support for Residents of the Han River Basin;
 9. Water use charges under Article 30 (1) of the Act on Water Management and Resident Support in the Geum River Basin;
 10. Water use charges under Article 32 (1) of the Act on Water Management and Resident Support in the Nakdong River Basin;
 11. Water use charges under Article 30 (1) of the Act on Water Management and Resident Support in the Yeongsan and Seomjin River Basins;
 12. Expenses incurred in creating forest replacement resources under Article 19 (1) of the Mountainous Districts Management Act;
 13. Charges for causing traffic congestion under Article 36 of the Urban Traffic Improvement Promotion Act;
 14. Charges for using groundwater under Article 30-3 of the Groundwater Act;
 15. Charges for manufacturing or importing specific substances under Article 24-2 of the Act on the Control of Manufacture of Specific Substances for the Protection of the Ozone Layer;
 16. Charges for using deep sea water under Article 40 of the Development and Management of Deep Sea Water Act.
- (3) A startup that engages in knowledge service business prescribed by Presidential Decree shall be exempted from the following charges for seven years from the date it commences business:
1. Charges other than those prescribed in subparagraphs 2, 7, 15, and 16, among the charges under the subparagraphs of paragraph (2);
 2. Charges temporarily imposed on electricity users under Article 3 (1) 2 of the Act on the Promotion of Electrification in Agricultural and Fishing Villages.
- (4) Necessary matter regarding the procedures, methods, etc. for exemption from charges under paragraphs (1) through (3) shall be prescribed by Presidential Decree.

Article 24 (Establishment and Operation of Online Business Startup Support System)

- (1) The Minister of SMEs and Startups may establish and operate a system which allows a company to be established through the information and communications network defined in subparagraph 10 of Article 2 of the Electronic Government Act (hereafter referred to as "online business startup support system).
- (2) The relevant central administrative agencies and related institutions shall promptly process business affairs under their jurisdiction, and shall cooperate with each other to ensure that business startup procedures through the online business startup support system are smoothly handled by efficiently linking

related systems together or using other means.

(3) The Minister of SMEs and Startups may provide subsidies to cover all or part of the expenses incurred by the relevant central administrative agencies and related institutions in operating individual systems linked to the online business startup support system.

(4) Business affairs that can be processed through the online business startup support system shall be prescribed by Presidential Decree.

CHAPTER IV FACILITATION OF NEW INDUSTRY AND TECHNOLOGY BUSINESS STARTUP

Article 25 (Intensive Fostering of Promising New Industry and Technology Startups)

(1) In order to find and foster promising startups that make a significant contribution to the development of the national economy by creating an ecosystem for innovative business startup, jobs, etc., the Government may formulate policy measures necessary to intensively foster new industry and technology startups, such as preferential support for startups, etc. that engage in new industry and technology business startup (hereinafter referred to as “new industry and technology startup”).

(2) The Government may take the following measures to foster new industry and technology startups:

1. Facilitating new industry and technology business startup and supporting the commercialization of new industries and technologies;
2. Finding and fostering innovative and promising new industry and technology startups;
3. Establishing infrastructure necessary to foster new industry and technology startups;
4. Other matters deemed necessary by the heads of central administrative agencies for the finding, fostering, etc. new industry and technology startups.

(3) Where the Government pursues a project for supporting business startup, it may give priority to new industry and technology startups in providing support.

(4) Where the Government pursues a project prescribed in paragraph (2), it may support small and medium enterprises in the field of new industry business startup determined and publicly notified by the Minister of SMEs and Startups for up to 10 years from the date they commence business, notwithstanding subparagraph 3 of Article 2.

(5) The Government may provide subsidies to cover all or part of the expenses incurred in establishing and operating institutions or organizations related to the facilitation of new industry and technology business startup.

Article 26 (Pursuit of Projects to Facilitate New Industry and Technology Business Startup)

The Government may pursue the following projects to facilitate new industry and technology business startup and to enhance the innovation capabilities of new industry and technology startups:

1. Finding and fostering startups, etc. in the field of new industry and technology business startup;
2. Supporting the development of technologies by new industry and technology startups and the commercialization of the outcomes of their technological innovation;
3. Providing guidance on technologies and management to innovate technologies and business models of new industry and technology startups;
4. Supporting the joint development of technologies by universities, colleges, research institutes, enterprises, etc. and new industry and technology startups; technology transfer; and the commercialization of technologies transferred;
5. Facilitating exchanges and cooperation between domestic or overseas enterprises and new industry and technology startups with regard to technologies, information, human resources, etc., and the joint utilization of infrastructure, etc. by them;
6. Supporting the development of domestic and overseas sales channels for new industry and technology startups;
7. Supporting the application, registration, transfer, and utilization of intellectual property rights of new industry and technology startups;
8. Training professionals necessary to promote new industry and technology business startup;
9. Other matters deemed necessary by the heads of central administrative agencies for the facilitation of new industry and technology business startup, the enhancement of the innovation capabilities of startups, etc.

Article 27 (Operation of Consultative Body for Facilitating New Industry and Technology Business Startup)

- (1) The Minister of SMEs and Startups may operate a consultative body for supporting new industry and technology business startup which is composed of the Government, public institutions, experts in business startup, and other related persons (hereinafter referred to as “support consultative body”), so as to efficiently formulate and implement policies for promoting new industry and technology business startup. In such cases, the Minister of SMEs and Startups may subsidize the composition and operation of the support consultative body.
- (2) Matters necessary for the composition and operation of the support consultative body shall be prescribed by Presidential Decree.

Article 28 (Promotion of Local Specialized New Industry and Technology Business Startup)

- (1) The State and local governments may pursue a support project, etc. to facilitate new industry and technology business startup that is based on local resources and characteristics and to find and foster related startups.
- (2) The State and local governments may pursue the projects provided in paragraph (1) in consideration of the characteristics of regulation-free special zones designated and publicly notified under Article 75 of the

Act on Special Cases concerning the Regulation of Regulation-Free Special Zones and Special Economic Zones for Specialized Regional Development, eased regulation, etc.

(3) The State and local governments may support a startup, etc. which create values based on the natural environment, cultural assets, etc. of a region in order to revitalize a local economy.

(4) Where deemed necessary to perform the projects prescribed in paragraphs (1) through (3), the State and local governments may request the heads of relevant central administrative agencies and the heads of local governments to provide cooperation.

Article 29 (Finding and Fostering New Industry and Technology Startups through Private-Public Partnership)

(1) The Government shall endeavor to establish a system to closely cooperate with public institutions, the private sector, institutions, organizations, etc. of which a domestic or foreign business startup ecosystem consists in order to promote mutually beneficial cooperation and shared growth between new industry and technology startups and large enterprises, middle-standing enterprises, small and medium enterprises, or any other enterprise (hereinafter referred to as “large, middle-standing, and small and medium enterprises”).

(2) The Government may pursue the following to facilitate business startup through private-public partnership under paragraph (1):

1. Jointly finding and fostering promising startups, etc. in the field of new industry and technology business startup;
2. Facilitating exchanges and cooperation between new industry and technology startups and large, middle-standing, and small and medium enterprises, etc. with regard to technologies, information, human resources, etc., and the joint utilization of infrastructure, etc. by them;
3. Cooperating to expand sales channels for startups’ products by such means as public invitation, proposal of projects, and joint marketing;
4. Jointly utilizing facilities and equipment necessary for research and development, performance certification, etc., and jointly developing technologies;
5. Jointly developing technologies with foreign startups, institutions, organizations, etc., and interacting and cooperating with them;
6. Creating a culture and disseminating an atmosphere for mutually beneficial cooperation and shared growth between new industry and technology startups and large, middle-standing, and small and medium enterprises, etc.;
7. Other matters deemed necessary by the heads of central administrative agencies to establish and promote a system for finding and fostering startups through private-public partnership.

(3) The Government may establish and operate an incubator in cooperation with the private sector to help promising startups, investors, business incubators, etc. interact and cooperate with each other. In such cases, the Government may provide them with subsidies to cover all or part of necessary expenses.

(4) The Government may give priority to promising persons, among aspiring business starters and startups found and fostered under a project conducted under paragraph (2) or (3), in granting subsidies to cover research and development expenses, funds for business startup, etc.

Article 30 (Facilitation of Open Innovation Business Startup between Enterprises)

(1) The Government shall endeavor to create an ecosystem for open innovation business startup where enterprises cooperate with each other, in order to allow enterprises to facilitate new industry and technology business startup by using their own capabilities and resources, to identify new business, and to develop new markets.

(2) Where deemed necessary to facilitate open innovation business startup under paragraph (1), the Government may provide contributions or subsidies to cover all or part of the expenses incurred in performing projects within the budget.

(3) The Minister of SMEs and Startups may give preferential treatment to enterprises which endeavor to promote open innovation business startup under paragraph (1) or (2) when calculating mutually beneficial cooperation index between large enterprises and small and medium enterprises under Article 15 of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises.

Article 31 (Facilitation of New Industry and Technology Business Startup Led by Universities, Colleges, and Research Institutes)

The Government shall endeavor to commercialize the outcomes of research and development conducted by universities, colleges, or research institutes that serve as a base of new industry and technology business startup and to facilitate the growth and development of startups established by faculty members, students, or researchers in universities, colleges, or research institutes.

Article 32 (Establishment of On-Campus Organizations Dedicated to Supporting Business Startup)

(1) A university or college may have an organization dedicated to supporting business startup (hereinafter referred to as “organization dedicated to supporting business startup”), as prescribed by school regulations, to perform a project for supporting on-campus business startup.

(2) An organization dedicated to supporting business startup may perform a project to nurture a leading university or college for business startup, to operate an on-campus entrepreneurs’ center, or to conduct any other activity.

(3) The Minister of SMEs and Startups may provide an organization dedicated to supporting business startup with contributions to cover the expenses incurred in operating such organization and performing a project specified in paragraph (2) or may give other necessary support.

(4) An organization dedicated to supporting business startup that intends to receive support under this Act shall keep its account separate from other accounts of the relevant university or college to ensure clarity in

its revenue and expenditure.

(5) Matters necessary for the affairs of an organization dedicated to supporting business startup and for the operation of its accounts under paragraph (4) shall be prescribed by Presidential Decree.

Article 33 (Support for Facilities and Areas for Fostering Startups)

(1) The State and local governments may establish and support facilities designed for the intensive fostering of startups by such means as creating spaces to be occupied by startups and assisting in their commercialization, and may provide support in areas in which institutions, facilities, etc. related to fostering startups, such as universities, colleges, and research institutes, are concentrated.

(2) The State and local governments may give priority to a startup, etc. that occupy a facility, an area, etc. established and operated under paragraph (1) when providing support.

CHAPTER V FACILITATION OF GROWTH OF STARTUPS AND BUSINESS RE-STARTUP

Article 34 (Strengthening of Support to Promote Growth of Startups)

(1) The Government shall prepare a system for promoting the growth of startups, such as for a smooth supply of funds, human resources, etc., the facilitation of technological innovation, the expansion of sales channels, and support for entry into overseas markets, so that they can rapidly grow into globally competitive enterprises.

(2) The Government, local governments, public institutions, institutions supporting business startup, etc. may give priority to promising startups that show outstanding performance in sales, job creation, etc. over other startups, etc. when providing support, in order to effectively implement a system for promoting the growth of startups under paragraph (1).

(3) Matters regarding standards for promising startups prescribed in paragraph (2), procedures and methods for supporting them, and other matters shall be prescribed by Presidential Decree.

Article 35 (Financial Assistance for Startups, Such as Loans and Investments)

(1) The Government may provide contributions, subsidies, loans, or other necessary assistance to startups, etc. and persons who conduct projects for supporting business startup in order to efficiently supply funds necessary for business startup of small and medium enterprises and activities conducted by startups, etc.

(2) The Government shall endeavor to lay an institutional foundation for promoting financial assistance, such as facilitating investments by the private sector in startups, etc., mitigating debts for which startups are jointly and severally liable, or exempting them from such debts, so that financial assistance under paragraph (1) can be effectively provided.

Article 36 (Strengthening of Technological Innovation Capabilities of Startups)

(1) In order for start-ups, etc. to develop new business that is suited for the digital economy and to secure mid- to long-term competitiveness, the Government may provide support necessary to strengthen their technological innovation capabilities and to facilitate the commercialization of the outcomes of their technological innovation.

(2) In order to efficiently provide support under paragraph (1), the Government shall devise measures for supporting research and development that are especially tailored for startups and shall endeavor to improve their accessibility to and availability of infrastructure for technological innovation in universities, colleges, research institutes, etc.

Article 37 (Fostering and Utilization of Human Resources for Startups)

(1) The Government may pursue the following regarding the fostering and utilization of human resources related to business startup so that start-ups, etc. can easily secure and attract necessary human resources:

1. Fostering human resources to meet the labor demand of startups by field and region;
2. On-site training provided by startups for persons who are expected or desire to start up a business or have a job;
3. Providing education and training to persons working for startups to strengthen their capabilities;
4. Cooperating in utilizing professionals related to business startup;
5. Other matters deemed necessary by the Minister of SMEs and Startups to foster and utilize human resources necessary for startups, etc.

(2) The Government may provide contributions or subsidies to cover all or part of the expenses incurred in connection with the projects pursued under paragraph (1).

Article 38 (Preferential Purchase of Startups' Products)

(1) The head of a public institution (referring to the public institution defined in subparagraph 2 of Article 2 of the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets) shall facilitate the purchase of goods directly manufactured, service provided, construction works performed, by startups (hereafter in this Article referred to as "startups' products").

(2) A separate plan to purchase startups' products shall be included in a purchase plan prepared by the head of a public institution pursuant to Article 5 (1) of the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets.

(3) A plan to purchase startups' products under paragraph (2) shall include the target ratio equal to or greater than one prescribed by Presidential Decree for the purchase of such products, and the head of a public institution shall fulfill the relevant plan.

(4) Where the Minister of SMEs and Startups examines a purchase plan provided in paragraph (3) and deems that any matter in such plan needs to be improved, he or she may recommend the head of a relevant

public institution to improve such matter. In such cases, the head of the public institution shall reflect such recommendation in the purchase plan unless there is a compelling reason not to do so.

(5) Article 5 (5) of the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets shall apply mutatis mutandis to notification of a purchase plan prescribed in paragraphs (2) through (4) and purchase records.

Article 39 (Confirmation of Startups)

(1) A person who intends to participate in preferential purchase made by a public institution pursuant to Article 38 may file an application with the Minister of SMEs and Startups for confirmation as to whether his or her enterprise is a startup.

(2) Where the Minister of SMEs and Startups upon receipt of an application under paragraph (1) examines such application and finds that the relevant enterprise is a startup, he or she shall confirm such fact (hereinafter referred to as “confirmation of a startup”). In such cases, the Minister of SMEs and Startups may issue a certificate specifying a valid period of up to three years prescribed by Presidential Decree.

(3) A person who is subject to revocation of confirmation of a startup as he or she falls under subparagraph 1 of Article 40 shall not file an application under paragraph (1) for a period of up to one year prescribed by Presidential Decree.

(4) The Minister of SMEs and Startups may establish and operate a startup confirmation system to perform the affairs prescribed by Presidential Decree, such as confirmation of startups and the issuance of evidentiary documents.

(5) Procedures for confirmation of startups, the issuance of evidentiary documents, and other matters necessary for confirmation of startups shall be prescribed by Presidential Decree.

Article 40 (Revocation of Confirmation of Startups)

Where a person who obtains confirmation of a startup falls under any of the following, the Minister of SMEs and Startups may revoke such confirmation: Provided, That in cases falling under subparagraph 1, confirmation of a startup shall be revoked:

1. Where he or she obtains confirmation of a startup by fraud or other improper means;
2. Where he or she fails to meet the criteria under subparagraph 3 of Article 2;
3. Where he or she ceases to conduct business activities due to business closure or other reasons;
4. Where he or she refuses to file a report and to undergo inspection under Article 60 (1) without good reason.

Article 41 (Facilitation of Globalization of Startups and Business Startup Ecosystem)

(1) The Government shall endeavor to strengthen the global competitiveness of domestic startups, etc., including aspiring young business starters or young person owned startups, and to globalize a business startup ecosystem.

(2) The Government may provide aspiring business starters or startups with support with respect to the following matters:

1. Providing education or consulting services with regard to entry into overseas markets by aspiring business starters or startups, or supporting their commercialization;
2. Facilitating international exchanges by aspiring business starters or startups;
3. Conducting overseas publicity and marketing by aspiring business starters or startups, and attracting foreign investment;
4. Establishing cooperative relations with foreign institutions related to business startup;
5. Establishing and operating overseas facilities and spaces to support business startup, and providing services therefor;
6. Participating in overseas exhibitions by startups, and planning and operating exhibitions;
7. Other matters deemed necessary by the head of a central administrative agency to facilitate the globalization of aspiring business starters or startups.

(3) The Government may pursue the following to facilitate the attraction of excellent overseas human resources and startups with outstanding innovation capabilities and growth potential to the Republic of Korea:

1. Establishing strategies to promote the attraction of excellent overseas human resources and startups to the Republic of Korea;
2. Improving conditions for attracting excellent overseas human resources and startups to the Republic of Korea, such as easing requirements for issuing a visa for business startup;
3. Dispatching foreign experts by field, such as technology, human resources, finance, and business management, to the Republic of Korea and, recommending such foreign experts;
4. Facilitating the inflow of foreign investment capital;
5. Facilitating international cooperation by field, such as research, information, technology, education, human resources, and public relations related to business startup;
6. Hosting international organizations or events related to business startup in the Republic of Korea;
7. Other matters deemed necessary by the head of a central administrative agency to facilitate the globalization of the domestic business startup ecosystem.

(4) The Minister of SMEs and Startups may designate and operate an overseas company or institution specializing in business startup as an institution supporting overseas business startup in order to provide specialized support to projects for supporting globalization of startups, etc. conducted under paragraph (2). In such cases, the Minister of SMEs and Startups may grant subsidies to help an institution supporting overseas business startup cover all or part of the expenses incurred in the performance of their affairs.

(5) Details necessary for the designation, operation, and affairs of institutions supporting overseas business startup under paragraph (4) shall be prescribed by Presidential Decree.

Article 42 (Formulation and Implementation of Plans to Support Business Re-Startup)

(1) The Minister of SMEs and Startups shall formulate a plan to support business re-startup of small and medium enterprises, considering the characteristics of re-startups, in order to promote business re-startup and to increase the business success rate of re-startups.

(2) The Minister of SMEs and Startups may pursue the following necessary to support business re-startup under a plan prescribed in paragraph (1):

1. Finding aspiring business re-starters with outstanding technologies and experience and providing them with education on business re-startup;
2. Improving systems that hinder business re-startup, such as various burdens and regulation;
3. Supporting consulting services on taxation, legal issues, etc. for business re-startup;
4. Expanding facilities for supporting business re-startup, including the designation or operation of educational centers;
5. Providing financial assistance necessary for business re-startup and related information;
6. Training experts for education on business re-startup and consulting services;
7. Conducting regular inspections and evaluations with regard to projects for supporting business re-startup;
8. Establishing and managing a comprehensive database on business re-startup;
9. Other matters deemed necessary by the Minister of SMEs and Startups with respect to supporting business re-startup.

(3) Where deemed necessary for projects pursued under paragraph (2), the Minister of SMEs and Startups may, within the budget, provide contributions or subsidies to universities, colleges, research institutes, public institutions, organizations related to business re-startup, startups, or aspiring business re-starters to help them cover all or part of the expenses incurred in conducting the relevant projects.

(4) Procedures, methods, etc. for providing contributions or subsidies under paragraph (3) shall be prescribed by Presidential Decree.

Article 43 (Evaluation of Good Faith Management of Re-Startups)

(1) The Minister of SMEs and Startups may evaluate whether an aspiring business re-starter or the representative of a re-startup (referring to a person who is registered as an executive officer having representative authority, including a representative director, an operating partner, or a representative executive director, or as a representative) managed an enterprise established before re-starting up a business in good faith without accounting fraud, intentional bankruptcy, and unfair dismissal, or any other matter (hereinafter referred to as “evaluation of good faith management”), and may use the results of such evaluation when restricting financial assistance, such as contributions, subsidies, or loans, or selecting persons eligible for support.

(2) Where deemed necessary to conduct an evaluation of good faith management, the head of a relevant central administrative agency or the head of a local government may request the Minister of SMEs and

Startups to conduct such evaluation in consultation with the Minister of SMEs and Startups.

(3) Where necessary for evaluations of good faith management, the Minister of SMEs and Startups may request the Commissioner General of the Korean National Police Agency, the commissioner of the competent City/Do police agency, or the chief of a police station to provide the following materials among the criminal history records prescribed in Article 5-2 (2) of the Act on the Lapse of Criminal Sentences:

1. Criminal history records regarding crimes related to business management prescribed by Presidential Decree, such as the crimes provided in Articles 347, 356, and 357 of the Criminal Act;
2. Criminal history records regarding crimes of violating labor-related statutes prescribed by Presidential Decree, such as the Labor Standards Act.

(4) Where an evaluation of good faith management determines that a business entity has engaged in good faith management but has failed therein (hereinafter referred to as “person failing in good faith management”), the Minister of SMEs and Startups may reduce various burdens and regulation that are obstacles to supporting business re-startup by a person failing in good faith management. In such cases, the Minister of SMEs and Startups may determine and publicly notify the details of, standards, etc. for reducing such burdens and regulation.

(5) The Minister of SMEs and Startups may determine and publicly notify the guidelines necessary for evaluations of good faith management.

Article 44 (Designation of Institutions Dedicated to Evaluating Good Faith Management by Re-Startups)

(1) The Minister of SMEs and Startups may designate an institution that is dedicated to evaluating good faith management (hereinafter referred to as "institution dedicated to evaluating good faith management") in order to effectively perform such evaluation.

(2) The Minister of SMEs and Startups may require an institution dedicated to evaluating good faith management to establish and operate an integrated management system so that it can efficiently perform and manage evaluations of good faith management.

(3) The Government and local governments may, within the budget, provide contributions or subsidies to cover all or part of the expenses incurred in operating an institution dedicated to evaluating good faith management.

(4) The head of an institution dedicated to evaluating good faith management may request the Minister of SMEs and Startups to make an inquiry into the materials prescribed in the subparagraphs of Article 43 (3) with respect to evaluation of good faith management.

(5) No person, other than an institution dedicated to evaluating good faith management designated pursuant to paragraph (1), shall use a mark indicating that he or she is an institution dedicated to evaluating good faith management or use any similar name.

(6) Matters necessary for the designation, operation, etc. of an institution dedicated to evaluating good faith management shall be prescribed by Presidential Decree.

CHAPTER VI SPECIAL CASES CONCERNING ESTABLISHMENT OF FACTORIES OF STARTUPS

Article 45 (Approval of Plans to Establish Factories of Startups)

- (1) A startup that intends to engage in manufacturing business (referring to the manufacturing business specified in the Korean Standard Industrial Classification prepared and publicly notified by the Commissioner of the Statistics Korea under Article 22 (1) of the Statistics Act) shall prepare a plan to establish factories (hereinafter referred to as "plan to establish factories"), as prescribed by Presidential Decree, and may conduct manufacturing business after obtaining approval of such plan from the head of a Si/Gun/Gu (the head of a Gu refers to the head of an autonomous Gu; hereinafter the same shall apply).
- (2) When granting approval of a plan to establish factories pursuant to paragraph (1), the head of a Si/Gun/Gu shall ensure that the building area of the relevant factories conforms to the standard factory area ratio prescribed in subparagraph 2 of Article 8 of the Industrial Cluster Development and Factory Establishment Act.
- (3) The head of a Si/Gun/Gu shall notify a startup whether approval of a plan to establish factories is granted within 20 days from the date of receipt of an application for such approval under paragraph (1). In such cases, if he or she fails to notify the startup whether approval is granted within 20 days, approval shall be deemed granted on the date immediately after 20 days elapse.
- (4) Where any change is to be made to significant matters prescribed by Presidential Decree, such as a business entity or the area of a factory site, among the approved matters in a plan to establish factories under paragraph (1), approval for such change shall be obtained, and where any change is to be made to minor matters prescribed by Ordinance of the Ministry of SMEs and Startups, a report on such change shall be filed with the head of a Si/Gun/Gu.
- (5) Where a person who has obtained approval of a plan to establish factories completes the construction of factories or the installation of manufacturing facilities, etc., he or she shall file a report on the completion of such construction or installation with the head of a Si/Gun/Gu within the period prescribed by Ordinance of the Ministry of SMEs and Startups.
- (6) The Minister of SMEs and Startups may establish a council for processing civil petitions for business startup in a regional SMEs and Startups office to support and consult on affairs regarding approval of a plan to establish factories. In such cases, matters necessary for the organization, affairs, etc. of a council for processing civil petitions for business startup shall be prescribed by Presidential Decree.
- (7) To simplify procedures for business startup, the Minister of SMEs and Startups shall process affairs regarding approval of a plan to establish factories under paragraph (1) in accordance with the guidelines on processing affairs prescribed by Presidential Decree, such as matters related to permission or authorization.

Article 46 (Prior Consultation on Approval for Establishment)

(1) A startup may request the head of a Si/Gun/Gu to have a prior consultation on the possibility of approving a plan to establish factories and other matters before filing an application for such approval under Article 45 (1).

(2) Matters necessary for procedures, etc. for prior consultations under paragraph (1) shall be prescribed by Presidential Decree.

Article 47 (Legal Fiction of Authorization or Permission Related to Establishment of Factories)

(1) Where a plan to establish factories is approved pursuant to Article 45 (1), with respect to matters on which the head of a Si/Gun/Gu has a consultation with the head of another administrative agency under paragraph (4) for the following permission, authorization, license, approval, designation, determination, reporting, cancellation, or abolition of use (hereafter in this Article referred to as “permission, etc.”), such permission, etc. shall be deemed granted:

1. Approval for factory establishment, etc. under Article 13 (1) of the Industrial Cluster Development and Factory Establishment Act;
2. Permission for lumbering, etc. under Article 14 of the Erosion Control Work Act or cancellation of the designation of land for erosion control prescribed in Article 20 of that Act;
3. Permission for occupancy and use of public waters under Article 8 of the Public Waters Management and Reclamation Act, approval of or reporting on an implementation plan for occupancy or use under Article 17 of that Act, a license for reclamation of public waters under Article 28 of that Act;
4. Permission for river works under Article 30 of the River Act or permission for occupancy and use under Article 33 of that Act;
5. Permission for conversion of mountainous districts under Article 14 of the Mountainous Districts Management Act, reporting on conversion of mountainous districts under Article 15 of that Act, permission for and reporting on temporary use of mountainous districts under Article 15-2 of that Act, approval for change of use under Article 21 of that Act, and permission for and reporting on felling standing timber, etc. under Article 36 (1) and (4) of the Creation and Management of Forest Resources Act;
6. Permission for building private roads under Article 4 of the Private Road Act;
7. Permission for development activities under Article 56 (1) of the National Land Planning and Utilization Act, designation of an implementer of urban or Gun planning facilities projects under Article 86 of that Act, and formulation and authorization of implementation plans under Article 88 of that Act;
8. Permission for diversion of farmland under Article 34 (1) of the Farmland Act, reporting on diversion of farmland under Article 35 (1) of that Act, and approval for alteration of use under Article 40 (1) of that Act;

9. Permission for or reporting on conversion of grassland under Article 23 of the Grassland Act;
10. Permission for use of administrative property under Article 30 of the State Property Act, and abolition of use of roads, rivers, ditches, or dikes under Article 40 of that Act;
11. Permission for occupancy and use of roads under Article 61 (1) of the Road Act;
12. Consultation on mini environment impact assessment under the Environmental Impact Assessment Act;
13. Permission for use of agricultural infrastructure under the main clause of Article 23 (1) of the Agricultural and Fishing Villages Improvement Act;
14. Permission for reburial of graves installed on another person's land under Article 27 (1) of the Act on Funeral Services;
15. Permission for use of or profit-making from administrative property under Article 20 (1) of the Public Property and Commodity Management Act or abolition of use of administrative property under Article 11 of that Act;
16. Permission for land transaction contracts under Article 11 of the Act on Report on Real Estate Transactions;
17. Permission for occupancy and use of small rivers under Article 14 of the Small River Maintenance Act;
18. Consultation on disaster impact assessment under Article 4 of the Countermeasures against Natural Disasters Act.

(2) Where building permission is granted under Article 11 of the Building Act with respect to factories for which approval of a plan for their establishment is obtained under Article 45 (1), for matters on which the head of the competent Si/Gun/Gu has a consultation with the head of another administrative agency under paragraph (4) for the following permission, authorization, approval, consent, review, or reporting (hereafter in this Article referred to as “approval, etc.”), such approval, etc. shall be deemed obtained:

1. Permission for occupancy and use of roads under Article 61 (1) of the Road Act;
2. Permission for occupancy and use under Article 24 of the Sewerage Act and reporting on the installation of drainage systems under Article 27 (3) and (4) of that Act;
3. Reporting on the installation of private sewerage treatment facilities under Article 34 (2) of the Sewerage Act;
4. Consent to building permission, etc. under Article 7 (1) of the Act on Fire Prevention and Installation, Maintenance, and Safety Control of Firefighting Systems, reporting on firefighting system installation under Article 13 (1) of the Firefighting System Installation Business Act, and permission for construction of factories, etc. under Article 6 (1) of the Act on the Safety Control of Hazardous Substances;
5. Permission for or reporting on the installation of emission facilities under Article 23 of the Clean Air Conservation Act, Article 33 of the Water Environment Conservation Act, Article 8 of the Noise and Vibration Control Act, and Article 11 of the Act on the Management and Use of Livestock Excreta;

6. Approval for or reporting on the installation of waste treatment facilities under Article 29 (2) of the Wastes Control Act;
 7. Authorization for the installation of private-use waterworks under Articles 52 and 54 of the Water Supply and Waterworks Installation Act;
 8. Authorization for or reporting on plans for works for establishing electric installations for private use under Article 8 of the Electrical Safety Management Act;
 9. Permission for the installation of explosives storage facilities under Article 25 (1) of the Act on the Safety Management of Guns, Swords, and Explosives;
 10. Building permission under Article 11 (1) of the Building Act, reporting on building construction under Article 14 (1) of that Act, permission for or reporting on the construction of temporary buildings under Article 20 (1) and (3) of that Act, and reporting on the erection of structures under Article 83 (1) of that Act;
 11. Reporting on the installation of specified facilities subject to the control of soil contamination under Article 12 of the Soil Environment Conservation Act;
 12. Permission for gas appliance manufacturing business under Article 5 of the Safety Control and Business of Liquefied Petroleum Gas Act and permission for building liquefied petroleum gas storage facilities under Article 8 of that Act;
 13. Permission for the production of high-pressure gas and permission for the establishment of storage places under Article 4 of the High-Pressure Gas Safety Control Act, registration of manufacturing of containers, refrigerators, and specified equipment under Article 5 (1) of that Act, or reporting on the use of specified high-pressure gas under 20 (1) of that Act;
 14. Review of hazard prevention plans under Article 42 (4) of the Occupational Safety and Health Act and review of process-safety reports under Article 45 (1) of that Act.
- (3) Where the use of buildings is approved under Article 22 of the Building Act with respect to factories for which approval of a plan for their establishment is obtained under Article 45 (1), for matters on which the head of the competent Si/Gun/Gu has a consultation with the head of another administrative agency under paragraph (4) for the following inspection, reporting, consent, or application (hereafter in this Article referred to as “inspection, etc.”), such inspection, etc. shall be deemed completed:
1. Completion inspections of private sewage treatment facilities under Article 37 of the Sewerage Act;
 2. Consent to permission for use under Article 7 (1) of the Act on Fire Prevention and Installation, Maintenance, and Safety Control of Firefighting Systems, completion inspections of firefighting system installation under Article 14 of the Firefighting System Installation Business Act, and completion inspections of facilities, etc. under Article 9 of the Act on the Safety Control of Dangerous Substances;
 3. Reporting on the commencement of use of waste treatment facilities under Article 29 (4) of the Wastes Control Act;
 4. Reporting on the commencement of operation of emission facilities, etc. under Article 30 (1) of the Clean Air Conservation Act and Article 37 of the Water Environment Conservation Act;

5. Completion inspections under Article 43 of the Act on the Safety Management of Guns, Swords, and Explosives;
 6. Conditional permission for the business of manufacturing drinking spring water, etc. under Article 23 (1) of the Drinking Water Management Act;
 7. Pre-use inspections of electric installations for private use under Article 9 of the Electrical Safety Management Act;
 8. Completion inspections of storage facilities and gas appliance manufacturing facilities under Article 36 (2) of the Safety Control and Business of Liquefied Petroleum Gas Act;
 9. Completion inspections of works to build facilities for manufacturing or storing high-pressure gas or facilities for manufacturing containers, etc. under Article 16 (3) of the High-Pressure Gas Safety Control Act and completion inspections of facilities for using specified high-pressure gas under Article 20 (4) of that Act;
 10. Completion inspections under Articles 62 (1) and 98 (2) of the National Land Planning and Utilization Act;
 11. Applications for registration of land alteration, etc. Article 64 (2) of the Act on the Establishment and Management of Spatial Data.
- (4) Where the head of a Si/Gun/Gu grants approval of a plan to establish factories under Article 45, building permission under Article 11 (1) of the Building Act, or approval for use under Article 22 (1) of that Act and any matter falling under paragraphs (1) through (3) included in the details of such approval or permission is under the authority of another administrative agency, he or she shall have a consultation thereon with the head of the relevant administrative agency, who, upon receipt of a request for the consultation, shall submit his or her opinion within the period prescribed by Presidential Decree. In such cases, where the head of another administrative agency fails to submit his or her opinion within such period, no opinion shall be deemed submitted.

Article 48 (Consultations at Time of Enactment or Amendment of Statutes or Regulations)

Where the head of a relevant administrative agency intends to enact or amend any statute or regulation that governs any matter regarding approval of a plan to establish factories under Article 45, building permission under Article 11 (1) of the Building Act for startups' factories, or approval for use under Article 22 (1) of that Act, he or she shall have a prior consultation thereon with the Minister of SMEs and Startups.

Article 49 (Revocation of Approval for Establishment of Factories of Startups)

(1) Where a person who has obtained approval of a plan to establish factories falls under any of the following cases, the head of a Si/Gun/Gu may revoke such approval and permission for building factories or may order such person to restore the relevant land to its original state:

1. Where the person fails to submit a report on the commencement of construction works under Article 21 (1) of the Building Act from the date approval for a plan to establish factories is obtained until the expiry of the period prescribed by Presidential Decree or where he or she suspends construction works for factories for a period of at least that prescribed by Presidential Decree after the commencement of such works;
 2. Where the person transfers to other persons the site of factories for which a plan for their establishment is approved or a building located in such site before filing a report on completion of the establishment of the factories, etc. under Article 15 of the Industrial Cluster Development and Factory Establishment Act (including where the person transfers the site or building by auction): Provided, That this shall not apply where the site or building is transferred to a startup;
 3. Where the person leases to other persons the site of factories for which a plan for their establishment is approved or a building located in such site or uses the site or building for purposes other than as factories;
 4. Where the person fails to file a report on completion of the establishment of factories, etc. under Article 15 of the Industrial Cluster Development and Factory Establishment Act until the expiry of the period prescribed by Presidential Decree after obtaining approval of a plan to establish the factories.
- (2) Where a person fails to restore land to its original state in violation of an order to do so under paragraph (1), the head of a Si/Gun/Gu may restore it to the original state through vicarious execution.
- (3) The Administrative Vicarious Execution Act shall apply to procedures for the vicarious execution under paragraph (2).
- (4) Where the head of a Si/Gun/Gu intends to revoke approval of a plan to establish factories under paragraph (1), he or she shall hold a hearing.

Article 50 (Special Cases concerning Registration of Factories of Startups by Separation of Business)

Where a small and medium enterprise which separates part of the business conducted by a domestic corporation defined in subparagraph 1 of Article 2 of the Corporate Tax Act (hereafter in this Article referred to as "domestic corporation") to commence such business meets all of the following requirements, a business registration certificate issued under Article 8 of the Value-Added Tax Act shall be deemed a document substantiating the registration of a factory under Article 16 of the Industrial Cluster Development and Factory Establishment Act for two years from the date the relevant business commences:

1. A person who has been an executive officer or employee of the domestic corporation shall be the representative, the largest shareholder, or the largest investor;
2. A contract with the domestic corporation for the separation of business and for the joint use of all or a part of its factory shall be concluded in writing.

CHAPTER VII ESTABLISHMENT OF FOUNDATION FOR SUPPORTING BUSINESS STARTUP

Article 51 (Korea Institute of Startup and Entrepreneurship Development)

(1) The Korea Institute of Startup and Entrepreneurship Development shall be established to facilitate business startup and efficiently support the growth of startups.

(2) The Korea Institute of Startup and Entrepreneurship Development shall be a corporation and established at the time it registers such establishment at the location of its main office.

(3) The location of the main office under paragraph (2) shall be prescribed by the articles of incorporation, and the Korea Institute of Startup and Entrepreneurship Development may have its branch offices, branches, or other offices in all required places, as prescribed by the articles of incorporation.

(4) The Korea Institute of Startup and Entrepreneurship Development shall perform the following projects and affairs:

1. Conducting studies and research on policies to promote business startup;
2. Providing startups with information and support regarding funds (excluding lending of policy funds), human resources, sales channels, locations, and other matters;
3. Developing, operating, and disseminating education models to facilitate business startup;
4. Conducting fact-finding surveys and analyses of business startup;
5. Matters regarding the collection, processing, analysis, utilization, provision, etc. of data related to startups and a business startup ecosystem;
6. Engaging in exchanges and cooperation with international organizations and foreign countries in connection with business startup;
7. Supporting overseas expansion by startups and assisting foreigners with business startup in the Republic of Korea;
8. Finding and supporting excellent aspiring business starters;
9. Educating and supporting re-startups;
10. Supporting education for and commercialization by young person owned startups and middle-aged person owned startups;
11. Boosting entrepreneurship by educating the youth, aspiring business starters, and other persons about business startup;
12. Supporting activities conducted by universities, colleges, research institutes, etc. to facilitate business startup;
13. Fostering and supporting professionals in the field of business startup;
14. Providing support to expand the base of business startup and to create a business startup culture;
15. Building, managing, and supporting infrastructure for business startup, such as facilities to provide assistance in facilitating business startup;

16. Affairs entrusted to the Korea Institute of Startup and Entrepreneurship Development pursuant to Article 61 (2);
17. Other projects and affairs entrusted by the Minister of SMEs and Startups and the heads of the relevant central administrative agencies.
- (5) The Government may provide contributions or subsidies to cover the expenses incurred in the establishment and operation of the Korea Institute of Startup and Entrepreneurship Development, within the budget.
- (6) The head of a central administrative agency and the head of a local government may require the Korea Institute of Startup and Entrepreneurship Development to perform the projects or affairs prescribed in the subparagraphs of paragraph (4) and may provide contributions or subsidies to help it cover all or part of the expenses incurred therein.
- (7) A public institution, a small and medium entrepreneur, an individual, or an organization may assist with the expenses incurred in performing the projects or affairs specified in the subparagraphs of paragraph (4).
- (8) The Korea Institute of Startup and Entrepreneurship Development may conduct profit-making business to raise funds necessary to attain the purposes specified in paragraph (1).
- (9) No person other than the Korea Institute of Startup and Entrepreneurship Development under this Act shall use the name "Korea Institute of Startup and Entrepreneurship Development" or any similar name.
- (10) Except as provided in this Act, the provisions of the Civil Act governing incorporated foundations shall apply mutatis mutandis to the Korea Institute of Startup and Entrepreneurship Development.

Article 52 (Designation of Institutions Dedicated to Local Business Startup)

- (1) The Minister of SMEs and Startups may designate an institution dedicated to promoting an ecosystem for innovative business startup in regions (hereinafter referred to as "institution dedicated to local business startup") for each region.
- (2) An institution dedicated to local business startup shall conduct the following projects and affairs:
1. Identifying and managing policy tasks to promote region-based new industry and technology business startup and to boost entrepreneurship;
 2. Providing support to strengthen the technological innovation capabilities of local startups, and connecting and supervising related institutions and programs to strengthen such capabilities;
 3. Providing support to promote an ecosystem for investing in local startups, and connecting and supervising related institutions and programs to promote such ecosystem;
 4. Providing consulting services on law, finance, employment, patent, etc. related to local aspiring business starters, startups, or small and medium enterprises, and supporting affairs with respect thereto;
 5. Providing support to boost youth employment in regions using creative ideas, new technologies, etc., and operating educational programs;

6. Projects and affairs entrusted by the Minister of SMEs and Startups, the heads of the relevant central administrative agencies, or the heads of local governments;
 7. Other projects and affairs prescribed by Presidential Decree.
- (3) The Government and local governments may, within the budget, provide contributions or subsidies to cover all or part of the expenses incurred in operating institutions dedicated to local business startup and implementing their projects prescribed in paragraph (2).
- (4) Matters necessary to designate and operate institutions dedicated to local business startup under paragraph (1) shall be prescribed by Presidential Decree.

Article 53 (Designation of Operators of Business Incubators)

(1) A person who establishes and operates a place of business mainly designed to provide startups with facilities and places and support business management and technology (hereinafter referred to as "business incubator") in order to enhance the possibility of success in business startup (including a person who intends to establish and operate such place of business; hereinafter referred to as the "operator of a business incubator") and who intends to receive assistance under this Act shall obtain designation from the Minister of SMEs and Startups, meeting the following requirements:

1. The person shall have the following facilities and place:
 - (a) Equipment, such as testing or measuring instruments made available for use by startups;
 - (b) A place of at least 500 square meters made available for use by at least 10 startups;
 2. The person shall have at least two experts, each of whom shall be the holder of a doctorate degree in business administration, an attorney-at-law under the Attorney-at-Law Act, or any other professional prescribed by Presidential Decree;
 3. A business plan, etc. to implement projects of a business incubator shall meet the standards prescribed by Ordinance of the Ministry of SMEs and Startups.
- (2) The Minister of SMEs and Startups may preferentially designate the operator of a business incubator for the youth when designating the operator of a business incubator.
- (3) Notwithstanding the State Property Act and other statutes or regulations, the State may grant a person who has moved into a business incubator (hereinafter referred to as "incubator tenant") a reduction of or exemption from fees for using State property, where necessary to enhance the possibility of success in his or her business startup.
- (4) Where the State grants a reduction of or exemption from fees for using State property pursuant to paragraph (3), annual fees for using State property payable by an incubator tenant shall be an amount prescribed by Presidential Decree, not exceeding the amount calculated by multiplying the relevant property value by at least 1/100.
- (5) Where the use of State property is permitted, the period for such use shall be as prescribed in Article 35 of the State Property Act.

(6) Notwithstanding the Public Property and Commodity Management Act and other statutes or regulations, local governments may grant incubator tenants a reduction of or exemption from fees for using public property, as prescribed by Presidential Decree.

(7) Where the operator of a business incubator becomes an accelerator defined in subparagraph 9 of Article 2 of the Venture Investment Promotion Act, the Minister of SMEs and Startups may provide such operator with subsidies to help cover all or part of necessary expenses.

Article 54 (Registration of Small and Medium Enterprise Consulting Companies)

(1) A person who engages in the following business, such as an assessment of business feasibilities of small and medium enterprises, and intends to receive assistance under this Act shall file for registration of a small and medium enterprise consulting company with the Minister of SMEs and Startups, as prescribed by Ordinance of the Ministry of SMEs and Startups. The same shall also apply where such person intends to change any significant matter prescribed by Ordinance of the Ministry of SMEs and Startups, including the name and location of the small and medium enterprise consulting company, among matters registered by the company:

1. Assessing business feasibilities of small and medium enterprises;
2. Providing services to small and medium enterprises to improve their business management and technologies;
3. Offering business opportunities to small and medium enterprises;
4. Providing advice on and acting as a proxy in raising and managing funds for small and medium enterprises;
5. Dealing with procedures for business startup on behalf of others;
6. Providing advice on the establishment and operation of a business incubator;
7. Other business incidental to that prescribed in subparagraphs 1 through 6, as prescribed by the Minister of SMEs and Startups.

(2) A small and medium enterprise consulting company under paragraph (1) shall meet all of the following requirements:

1. It shall be any of the following corporations that meet the relevant following requirements:
 - (a) A company under the Commercial Act: Its paid-in capital shall be equal to or exceed the amount prescribed by Presidential Decree;
 - (b) A cooperative, etc. under the Framework Act on Cooperatives and a small and medium enterprise cooperative under the Small and Medium Enterprise Cooperatives Act: The total amount of contributions paid by its members shall be equal to or exceed the amount prescribed by Presidential Decree;
2. None of its executive officers shall fall under any of the following:
 - (a) A minor or a person under adult guardianship;

- (b) A person declared bankrupt and not yet reinstated;
- (c) A person for whom three years have not passed since his or her imprisonment without labor or heavier punishment declared by a court was completely executed (including where execution is deemed completed) or exempted;
- (d) A person who is under suspension of the execution of his or her imprisonment without labor or heavier punishment declared by a court;
- (e) A person prescribed by Presidential Decree who fails to repay his or her debts incurred in conducting financial or other commercial transactions within an agreed period;

3. It shall have professionals and facilities that meet the standards prescribed by Presidential Decree.

(3) Where a small and medium enterprise consulting company provides its service to startups, the Minister of SMEs and Startups may grant subsidies to such company to cover part of the service fees, as prescribed by Presidential Decree.

(4) No person who has filed for registration of a small and medium enterprise consulting company under this Act shall use the name, symbol, etc. of a government agency without permission, or make any indication or advertisement likely to mislead or confuse other persons into believing that he or she is a government agency.

Article 55 (Establishment of Business Startup Ombudsman Offices)

(1) The Government may establish an office responsible for receiving and processing civil petitions filed in connection with business startup in a comprehensive manner (hereinafter referred to as "small and medium enterprise startup ombudsman office") in each Special Metropolitan City, Metropolitan City, Special Self-Governing City, Do, Special Self-Governing Province, or Si/Gun/Gu for the convenience of civil petitioners.

(2) Matters necessary to establish and operate business startup ombudsman offices shall be prescribed by Presidential Decree.

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 56 (Revocation of Designation)

(1) Where a graduate school of entrepreneurship falls under any of the following, the Minister of SMEs and Startups may revoke the designation or suspend the support provided under this Act for up to five years, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 1, the designation shall be revoked:

1. Where it is designated by fraud or other improper means;
2. Where it uses funds given for other purposes;
3. Where it does not perform its business for at least one year without good reason;

4. Where it desires to have the designation revoked.

(2) Where an institution supporting overseas business startup prescribed in Article 41 (4) falls under any of the following, the Minister of SMEs and Startups may revoke the designation or suspend the support provided under this Act for up to five years, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 1, the designation shall be revoked:

1. Where it is designated by fraud or other improper means;
2. Where it ceases to meet the requirements for designation specified in Article 41 (5) or loses the capability to perform its affairs;
3. Where it does not perform its affairs for at least one year without good reason;
4. Where it desires to have the designation revoked.

(3) Where an institution dedicated to local business startup falls under any of the following, the Minister of SMEs and Startups may revoke the designation or suspend the support provided under this Act for up to five years, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 1, the designation shall be revoked:

1. Where it is designated by fraud or other improper means;
2. Where it ceases to meet the requirements for designation specified in Article 52 (4) or loses its capability to perform its business;
3. Where it does not perform its affairs in violation of any designated matters;
4. Where it desires to have the designation revoked.

(4) Where the operator of a business incubator falls under any of the following, the Minister of SMEs and Startups may revoke the designation or suspend the support provided under this Act for up to five years, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 1, the designation shall be revoked:

1. Where the operator is designated by fraud or other improper means;
2. When the operator uses funds given for other purposes;
3. Where the operator uses the business incubator for any purpose other than support for establishing small and medium enterprises;
4. Where the operational performance of the business incubator fails to meet the standards prescribed by Ordinance of the Ministry of SMEs and Startups;
5. Where the operator desires to have the designation revoked;
6. Where the operator ceases to meet the requirements for designation specified in Article 53 (1).

(5) Where a small and medium enterprise consulting company under Article 54 falls under any of the following, the Minister of SMEs and Startups may revoke the registration or suspend the support provided under this Act for up to five years, as prescribed by Presidential Decree: Provided, That in cases falling under subparagraph 1, the registration shall be revoked:

1. Where it files for registration by fraud or other improper means;

2. Where it ceases to meet the requirements for registration specified in Article 54 (2): Provided, That this shall not apply where an executive officer falls under any item of subparagraph 2 of that paragraph and is replaced with another person within six months;
3. Where it becomes difficult to perform the business prescribed in Article 54 (1) due to a reason attributable to the company;
4. Where it does not perform its business for at least one consecutive year without good reason.

Article 57 (Hearings)

The Minister of SMEs and Startups shall hold a hearing to revoke the following designation or registration:

1. Designating a graduate school of entrepreneurship under Article 19 (1);
2. Designating an institution supporting overseas business startup under Article 41 (4);
3. Designating an institution dedicated to local business startup under Article 52 (1);
4. Designating the operator of a business incubator under Article 53 (1);
5. Registering a small and medium enterprise consulting company under Article 54 (1).

Article 58 (Guidance on and Supervision over Affairs)

- (1) The Minister of SMEs and Startups may guide and supervise the affairs of institutions supporting business startup, such as the Korea Institute of Startup and Entrepreneurship Development and an institution dedicated to local business startup.
- (2) The scope of institutions supporting business startup subject to guidance and supervision by the Minister of SMEs and Startups under paragraph (1), matters necessary for such guidance and supervision, and any other matter shall be prescribed by Presidential Decree.

Article 59 (Public Notice of Work Guidelines)

The Minister of SMEs and Startups may determine and publicly notify guidelines, etc. on supporting business startup so that an institution supporting business startup prescribed by Presidential Decree can efficiently provide assistance to startups, etc.

Article 60 (Reporting and Inspections)

- (1) Where deemed necessary to examine whether a startup is subject to the revocation of confirmation for a reason prescribed in Article 40, the Minister of SMEs and Startups may require such startup to submit or report related materials or require a public official under his or her jurisdiction to conduct an inspection.
- (2) The Minister of SMEs and Startups may require an organization dedicated to supporting business startup, an institution supporting overseas business startup under Article 41 (4), the operator of a business incubator, and a small and medium enterprise consulting company under Article 54 (1) to submit or report related materials regarding the status of business operations, etc., or require a public official under his or

her jurisdiction to conduct an inspection, as prescribed by Presidential Decree.

(3) The Minister of SMEs and Startups or the head of a local government may require an institution dedicated to local business startup to submit or report related materials or require a public official under his or her jurisdiction to conduct an inspection.

(4) Where an inspection is conducted under paragraphs (1) through (3), an inspection plan specifying the date and time, purpose, details, etc., of such inspection shall be notified to a person subject to the inspection no later than seven days before the inspection: Provided, That this shall not apply where it is deemed impracticable to attain the purpose of the inspection due to an urgent situation, the destruction of evidence, or any other reason.

(5) A public official who accesses the relevant place or conduct an inspection pursuant to paragraphs (1) through (3) shall carry identification indicating his or her authority and present it to relevant persons, and shall deliver them a document stating his or her name, the time and purpose of access, and other matters when accessing the place.

Article 61 (Delegation or Entrustment of Authority or Affairs)

(1) The Minister of SMEs and Startups may delegate part of his or her authority under this Act to the head of an agency under his or her jurisdiction or the head of a local government, as prescribed by Presidential Decree.

(2) The Minister of SMEs and Startups may entrust the Korea Institute of Startup and Entrepreneurship Development with the authority prescribed by Presidential Decree over the recovery of subsidies granted under this Act in accordance with the Subsidy Management Act or the Act on Prohibition of False Claims for Public Funds and Recovery of Illicit Profits, and confirmation of startups, the issuance of evidentiary documents, the establishment and operation of a startup confirmation system, and other matters under Article 39 (4).

(3) The Minister of SMEs and Startups may entrust part of the affairs prescribed in this Act to the heads of other administrative agencies, the Korea Institute of Startup and Entrepreneurship Development, the Korea SMEs and Startups Agency under Article 68 of the Small and Medium Enterprises Promotion Act, and other institutions related to small and medium enterprises, as prescribed by Presidential Decree.

Article 62 (Requests for Materials)

(1) The Minister of SMEs and Startups may request the heads of a relevant central administrative agency, the head of a local government, the head of a public institution, the head of the centralized credit information collection agency under Article 25 (2) 1 of the Credit Information Use and Protection Act, the head of an institution or organization related to business startup or startups, etc. (hereinafter referred to as the “head of a central administrative agency, etc.”) to submit necessary materials or information or to state opinions in order to perform the following affairs. In such cases, a person upon receipt of such request shall comply therewith unless there is a compelling reason not to do so:

1. Formulating a comprehensive plan or an action plan;
 2. Evaluating projects for supporting business startup;
 3. Conducting fact-finding surveys under Article 13;
 4. Establishing and operating the comprehensive business startup management system under Article 15;
 5. Providing financial assistance under Article 35;
 6. Establishing and operating the startup confirmation system under Article 39 (4);
 7. Formulating a plan to support business re-startup under Article 42;
 8. Approving a plan to establish factories of startups under Article 45.
- (2) Where the head of a central administrative agency, etc. provides materials or information under paragraph (1) 4 or 6, he or she may do so by linking to the comprehensive business startup management system under Article 15 or the startup confirmation system under Article 39 (4).
- (3) Where necessary to establish and operate the comprehensive business startup management system under Article 15 and the startup confirmation system under Article 39 (4) and to conduct projects for supporting business startup under this Act, the Minister of SMEs and Startups may request the following persons to provide the following materials or information and may possess and use such materials and information only for the intended purpose. In such cases, a person upon receipt of such request shall comply therewith unless there is a compelling reason not to do so:
1. The following taxation information prescribed in Article 81-13 of the Framework Act on National Taxes, on which the consent of the relevant party is given: The Commissioner of the National Tax Service:
 - (a) The date of opening, date of suspension, and date of closure;
 - (b) Sales, paid-in capital, total assets, total liabilities, operating profits, and net profits for the current period;
 2. The number of persons subject to simplified tax withholding for wage and salary income as specified in a report on the status of withholding under the Income Tax Act: The Commissioner of the National Tax Service;
 3. The number of the insured defined in subparagraph 1 of Article 2 of the Employment Insurance Act: The Minister of Employment and Labor;
 4. Other materials and information prescribed by Presidential Decree as necessary to establish and operate the comprehensive business startup management system provided in Article 15: The head of a relevant central administrative agency, the head of a local government, the head of a public institution, or the head of any other related institution, corporation, or organization who has the relevant materials and information.

Article 63 (Restriction on Participation in Projects for Supporting Business Startup)

- (1) Where aspiring business starters, enterprises, schools, institutions, organizations, or executive officers or employees thereof who participate in projects for supporting business startup fall under any of the

following, the Minister of SMEs and Startups may restrict them from participating in projects for supporting business startup under this Act (excluding national research and development programs governed by the National Research and Development Innovation Act) for up to seven years: Provided, That a period of restriction on participation may be fully or partially reduced in cases falling under subparagraph 2, where they are deemed to have faithfully performed the projects:

1. Where they are granted subsidies or participate in and perform the projects by fraud or other improper means;
 2. Where they give up performing the projects without good reason;
 3. Where they use subsidies for purposes other than the intended purposes;
 4. Where they submit false or plagiarized materials or reports on the project outcomes;
 5. Where they fail to pay the amounts to be recovered and additional monetary sanctions under the Subsidy Management Act or the Act on Prohibition of False Claims for Public Funds and Recovery of Illicit Profits without good reason;
 6. Other cases prescribed by Presidential Decree, where it is inappropriate to perform the projects.
- (2) Where the Minister of SMEs and Startups determines to restrict participation under paragraph (1), he or she shall notify a person subject to the restriction on participation of such fact without delay.
- (3) Matters necessary for the detailed standards, period, and full or partial exemption from restriction on participation for each reason under paragraph (1), and other matters shall be prescribed by Presidential Decree.

CHAPTER IX PENALTY PROVISIONS

Article 64 (Penalty Provisions)

A person who divulges information acquired under Article 43 (3) (including information acquired under Article 44 (4)) or uses such information for any purpose other than the performance of his or her duties shall be punished by imprisonment with labor for up to five years or by a fine not exceeding 50 million won.

Article 65 (Joint Penalty Provisions)

Where the representative of a corporation or an agent or employee of, or any other person employed by, the corporation or an individual commits any violations prescribed in Article 64 in conducting the business affairs of the corporation or individual, the corporation or individual shall be punished by a fine provided in that Article in addition to punishing the violators accordingly: Provided, That this shall not apply where such corporation or individual has not been negligent in giving due attention to and supervision over the relevant business affairs to prevent such violations.

Article 66 (Administrative Fines)

- (1) Any of the following persons shall be subject to an administrative fine not exceeding five million won:
1. A person who obtains confirmation of a startup under Article 39 by fraud or other improper means;
 2. A person who uses a mark indicating that he or she is an institution dedicated to evaluating good faith management or uses any similar name, in violation of Article 44 (5);
 3. A person who uses a mark indicating that he or she is the Korea Institute of Startup and Entrepreneurship Development or uses any similar name, in violation of Article 51 (9);
 4. A person who uses the name, symbol, etc. of a government agency without permission, makes any indication or advertisement likely to mislead or confuse other persons into believing that he or she is a government agency, in violation of Article 54 (4);
 5. A person who fails to submit or report related materials under Article 60 (2) and (3), reports false materials, or refuses, obstructs, or evades an inspection under Article 60 (2) or (3).
- (2) A person who fails to submit or report related materials under Article 60 (1), reports false materials, or refuses, obstructs, or evades an inspection under Article 60 (1) shall be subject to an administrative fine not exceeding three million won.
- (3) Administrative fines under paragraphs (1) and (2) shall be imposed and collected by the Minister of SMEs and Startups, as prescribed by Presidential Decree.

ADDENDA <Act No. 17893, Jan. 12, 2021>

Article 1 (Enforcement Date)

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

Articles 2 through 23 Omitted.

ADDENDA <Act No. 18661, Dec. 28, 2021>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation: Provided, That the amended provisions of Articles 23 (2) and 29 shall enter into force on the date of its promulgation; Article 7 (26) of these Addenda on December 1, 2022; and Article 7 (27) of these Addenda on January 13, 2022, respectively.

Article 2 (Effective Period)

The amended provisions of Article 23 (2) shall be effective from the enforcement date of this Act until August 2, 2022, and the amended provisions of Article 53 (2) through (4) shall be effective from the enforcement date of this Act until December 31, 2022.

Article 3 (Applicability to Exempting Startups from Charges, Costs, or Expenses)

The amended provisions of Article 23 (1) through (3) shall also apply where seven years have not elapsed since the commencement of business before this Act enters into force: Provided, That this shall

not apply to portions of charges, costs, or expenses which have been paid or have to be paid before the entry into force of this Act.

Article 4 (Transitional Measures)

(1) A dedicated institution designated under the previous Article 4-7 as at the time this Act enters into force shall be deemed an institution dedicated to local business startup designated under the amended provisions of Article 52.

(2) The previous Article 39-3 (3) shall apply to the procedures and methods for exemption from charges, costs, or expenses that are necessary to enforce the amended provisions of Article 23 (2) until six months after this Act enters into force.

(3) A business plan approved under the previous Article 33 as at the time this Act enters into force shall be deemed a plan to establish factories approved under the amended provisions of Article 45.

Article 5 (General Transitional Measures concerning Dispositions)

An act done by or to an administrative agency under the previous provisions as at the time this Act enters into force shall be deemed an act done by or to the administrative agency under this Act.

Article 6 (Transitional Measures concerning Penalty Provisions or Administrative Fines)

An act done before this Act enters into force shall be governed by the previous provisions for purposes of applying penalty provisions or provisions regarding administrative fines.

Article 7 Omitted.

Article 8 (Relationship to Other Statutes or Regulations)

A citation of the previous Support for Small and Medium Enterprise Establishment Act or any provisions thereof by other statutes or regulations as at the time this Act entered into force shall be deemed a citation of this Act or corresponding provisions hereof in lieu of the previous provisions, if such corresponding provisions exist herein.

Last updated : 2022-12-27