

ENFORCEMENT DECREE OF THE SUPPORT FOR SMALL AND MEDIUM ENTERPRISE ESTABLISHMENT ACT

Wholly Amended by Presidential Decree No. 32733, jun. 28, 2022

Amended by Presidential Decree No. 32914, Sep. 20, 2022

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Decree is to prescribe matters mandated by the Support for Small and Medium Enterprise Establishment Act and matters necessary for the enforcement thereof.

Article 2 (Scope of Business Startup)

(1) The business startup under subparagraph 2 of Article 2 of the Support for Small and Medium Enterprise Establishment Act (hereinafter referred to as the "Act") means the establishment of a new small and medium enterprise to start its business, which does not fall under any of the following cases:

1. Where an individual who inherits or receives business from another person starts the business of the same kind as the existing business as a small and medium entrepreneur who is an individual;
2. Where a small and medium entrepreneur who is an individual continues to operate his or her existing business and establishes a new small and medium enterprise as follows:
 - (a) Where starting business as a small and medium entrepreneur who is an individual;
 - (b) Where establishing a small and medium enterprise that is a corporation in which a small and medium entrepreneur who is an individual owns, alone or in combination with relatives under the Enforcement Decree of the Framework Act on Small and Medium Enterprises, more than 50/100 of the total number of issued shares with voting rights (including equity shares; hereinafter the same shall apply), or owns the largest number of shares in terms of the total number of issued shares with voting rights, and starting the same kind of business as the old business;
3. Where a small and medium entrepreneur who is an individual closes the existing business and establishes a new small and medium enterprise to start the same kind of business as the old business: Provided, That starting the business of the same kind as the old business at least three years after the date of closing business (or two years if the business is closed due to insolvency or bankruptcy) shall be

excluded;

4. Where a small and medium entrepreneur that is a corporation creates a new small and medium enterprise that is another corporation that owns more than 50/100 of the total number of issued shares with voting rights (the shares owned by the corporation and its executive officers shall be combined) and starts business;

5. Where an oligopolistic stockholder of a corporation (meaning the oligopolistic stockholder under subparagraph 2 of Article 39 of the Framework Act on National Tax; hereafter in this Article the same shall apply) becomes an oligopolistic stockholder of a newly established small and medium entrepreneur that is a corporation and starts business;

6. Where a small and medium entrepreneur that is a corporation under the Commercial Act changes its corporate form and continues the same kind of business as before the change.

(2) Where a small and medium entrepreneur that is an individual and a startup comprehensively transfers all rights and obligations of the existing business to a small and medium enterprise that is a corporation that he or she newly establish as its representative, that new corporation shall succeed to the status of the existing startup.

(3) The scope of the same kind of business under paragraph (1) 1, 2 (b), 3, and 6 shall be based on the subdivision classification criteria of the Korean Standard Industrial Classification prepared and publicly notified by the Commissioner of the Statistics Korea under Article 22 (1) of the Statistics Act (hereinafter referred to as "Korean Standard Industrial Classification").

(4) Detailed criteria for the subparagraphs of paragraph (1) shall be determined and publicly notified by the Minister of SMEs and Startups.

Article 3 (Scope of Startups)

(1) "Since it commenced its business" in subparagraphs 3, 6, and 10 of Article 2 of the Act means the following dates:

1. Where the startup or the re-startup is a corporation: The date of registration of incorporation;
2. Where the startup or the re-startup is an individual: The commencement date stated in the application for business registration filed under Article 8 (1) of the Value-Added Tax Act (referring to the date of business registration stated in the application for business registration if the business commences with the approval of a factory establishment plan under Article 45 of the Act).

(2) Detailed criteria for the subparagraphs of paragraph (1) shall be determined and publicly notified by the Minister of SMEs and Startups.

Article 4 (Types of Business Excluded from Scope of Business Startup)

The types of business that are clearly against the economic order and good public morals, such as gambling business, under the proviso of Article 5 (1) of the Act shall be as follows; in such cases, the classification of the types of business shall be based on the Korean Standard Industrial Classification:

1. General entertainment bar business;
2. Dancing entertainment bar business;
3. Other business of managing and operating gambling facilities;
4. Other types of business that are clearly against the economic order and good public morals as prescribed by Ordinance of the Ministry of SMEs and Startups.

CHAPTER II SYSTEM FOR FORMULATION AND PROMOTION OF BUSINESS STARTUP POLICIES

Article 5 (Composition of Business Startup Support Policy Council)

(1) The Business Startup Support Policy Council under Article 9 (1) of the Act (hereinafter referred to as the "Business Startup Support Policy Council") shall consult on the following:

1. Matters regarding the formulation of comprehensive plans to support business startup under Article 7 of the Act;
2. Matters regarding the promotion of projects to facilitate business startup under Article 10 of the Act;
3. Matters regarding the collection and provision of information on business startup policies under Article 14 of the Act;
4. Matters regarding the facilitation of education on business startup under Article 18 of the Act;
5. Matters regarding the intensive fostering of promising new industry and technology startups under Article 25 of the Act;
6. Matters regarding the promotion of local specialized new industry and technology business startup under Article 28 of the Act;
7. Matters regarding the formulation and implementation of plans to support business re-startup under Article 42 of the Act;
8. Matters regarding the coordination of projects among central administrative agencies, among local governments, and between central administrative agencies and local governments related to the promotion of business startup and support for business re-startup;
9. Matters regarding the discovery of and support for collaborative projects between central administrative agencies and local governments, including collaborative projects related to the promotion of business startup and support for business re-startup;
10. Other matters necessary for the promotion of business startup and support for business re-startup that the chairperson may call to the meeting.

(2) The Business Startup Support Policy Council shall be composed of up to 25 members, including one chairperson.

(3) The Vice Minister of SMEs and Startups shall become the chairperson of the Business Startup Support Policy Council (hereafter in this Article referred to as the "chairperson").

(4) The following persons shall become the members of the Business Startup Support Policy Council:

1. One person each from the Ministry of Economy and Finance, the Ministry of Education, the Ministry of Science and ICT, the Ministry of Culture, Sports and Tourism, the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Trade, Industry and Energy, the Ministry of Employment and Labor, the Ministry of Land, Infrastructure and Transport, the Ministry of Oceans and Fisheries, the Ministry of SMEs and Startups, the Fair Trade Commission, and the Financial Services Commission, who is a member of the Senior Executive Service and is nominated by the head of each respective agency;
2. Persons commissioned by the Minister of SMEs and Startups, taking into account the gender, from among the executive officers and employees of the institutions supporting business startup under the subparagraphs of Article 36 or persons with extensive experience and expertise in business startup;
3. The following categories of public officials who are nominated by the heads of their relevant agencies, from among those belonging to the central administrative agencies, the Special Metropolitan City, Metropolitan Cities, Special Self-Governing Cities, Dos, and Special Self-Governing Provinces (hereinafter referred to as "Cities/Dos") that are deemed necessary by the chairperson for consultation on the agenda items presented to the Business Startup Support Policy Council:

(a) Relevant central government agencies: Members of the Senior Executive Service;

(b) Cities/Dos: Local management officers or local director officers.

(5) The chairperson shall convene and preside over the meetings of the Business Startup Support Policy Council.

(6) Where the chairperson is unable to perform his or her duties due to any unavoidable cause, a member nominated by the chairperson shall act on behalf of the chairperson.

(7) The Business Startup Support Policy Council shall have one executive secretary, who shall be nominated by the Minister of SMEs and Startups from among public officials of the Ministry of SMEs and Startups.

(8) The chairperson may operate an advisory group composed of persons with extensive knowledge of and experience in the promotion of business startup and support for business re-startup.

(9) Except as provided in paragraphs (1) through (8), matters necessary for the composition and operation of the Business Startup Support Policy Council and the advisory group shall be determined by the chairperson through the resolution of the Business Startup Support Policy Council.

Article 6 (Projects to Facilitate Business Startup)

“Projects prescribed by Presidential Decree” in Article 10 (1) 8 of the Act means the following projects:

1. Providing spaces for business startup for the startup, etc. under Article 3 (2) of the Act (hereinafter referred to as “startup, etc.”);
2. Supporting startup, etc. to build prototypes.

Article 7 (Procedures for Contribution to or Subsidization for Projects to Facilitate Business Startup)

(1) Where intending to promote a project to facilitate business startup under the subparagraphs of Article 10 (1) of the Act (hereinafter referred to as "project to facilitate business startup"), the Minister of SMEs and Startups shall formulate and publicly announce a contribution or subsidy plan that includes the following:

1. Scope of projects eligible for contribution or subsidization;
2. Eligibility, procedures, and methods for applying for contributions or subsidies (hereafter in this Article referred to as "contributions, etc.");
3. The amount of the contributions, etc. to be provided;
4. Other matters deemed necessary by the Minister of SMEs and Startups in connection with the contribution or subsidization.

(2) Where intending to promote a project to facilitate business startup upon the public announcement of a contribution or subsidy plan under paragraph (1), the Minister of SMEs and Startups shall enter into an agreement containing the following matters with the person performing the project:

1. Details of the project;
2. Purposes and plans for management of the contributions, etc.;
3. Utilization of project results;
4. Matters regarding changes to the agreement;
5. Other matters deemed by the Minister of SMEs and Startups as necessary for the implementation of the project.

(3) The Minister of SMEs and Startups may pay the contributions, etc. at once or in installments, taking into consideration the details of the project to facilitate business startup or the timing for its commencement.

(4) A person who receives contributions, etc. under paragraph (3) shall establish and manage a separate account for the contributions, etc. and shall use them only for the purposes set forth in the agreement.

Article 8 (Scope and Method of Fact-Finding Survey)

(1) Pursuant to Article 13 (1) of the Act, the Minister of SMEs and Startups shall conduct a fact-finding survey on the following matters related to business startup and the startups, etc.:

1. Current status of business startup, such as types of business startup, categories of business, and duration of business startup;
2. Gender, age, etc. of the representatives of startups, etc.;
3. Management status of the startups, etc., such as financial status, personnel, and organization;
4. Other matters deemed necessary by the Minister of SMEs and Startups in connection with ascertaining the current status and finding facts about the startups, etc.

(2) The fact-finding survey under paragraph (1) shall be conducted by methods, such as on-site or written survey, and to efficiently conduct the fact-finding survey, information and communication networks or

electronic methods such as e-mail may be utilized.

(3) Where intending to conduct the fact-finding survey under paragraph (1), the Minister of SMEs and Startups shall formulate a survey plan including the period, purpose, and details of the survey at least seven days before the start of the survey and shall notify the persons to be surveyed.

Article 9 (Establishment and Operation of Comprehensive Business Startup Management System)

Where establishing and operating the comprehensive business startup management system under Article 15 (1) of the Act, the Minister of SMEs and Startups shall incorporate into the comprehensive business startup management system the following information on business startup:

1. Information on the business progress such as application, receipt, selection, conclusion of agreements, evaluation, and management of business expenses for the project for supporting business startup under Article 12 (1) of the Act (hereinafter referred to as "project for supporting business startup"), support history, and performance;
2. Information on spaces for business startup;
3. Information on education on business startup;
4. Statistical information on the project to facilitate business startup;
5. Other information on business startup that is deemed necessary by the Minister of SMEs and Startups in connection with conducting the project for supporting business startup.

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

Article 10 (Procedures and Methods for Exempting from Charges, Costs, or Expenses)

(1) "Startup that engages in knowledge service business prescribed by Presidential Decree" in the provisions, with the exception of the subparagraphs, of Article 23 (3) of the Act means a startup that engages in the business categories under attached Table 1 and operates a business-affiliated research institute or a department solely responsible for research and development recognized under Article 14-2 (1) of the Basic Research Promotion and Technology Development Support Act. <Newly Inserted on Sep. 20, 2022>

(2) A startup intending to be exempted from charges, costs, or expenses under Article 23 (2) and (3) of the Act shall submit an application for exemption from charges, costs, or expenses prescribed by Ordinance of the Ministry of SMEs and Startups to the head of a Si/Gun/Gu having jurisdiction over the location of its main office, along with documents classified as follows: <Amended on Sep. 20, 2022>

1. Sole proprietors: Value-added tax returns for the immediately preceding three business years;
2. Corporate business entities: Statement of adjusted earnings for the immediately preceding three business years;

3. Evidentiary documents for the confirmation of a startup under Article 39 (2) of the Act;
 4. Other documents that the head of a Si/Gun/Gu deems necessary in connection with the ascertainment of exemption from charges, costs, or expenses.
- (3) Upon receipt of the an application for exemption from charges, costs, or expenses under paragraph (2), the head of a Si/Gun/Gu shall verify the following documents through administrative data matching under Article 36 (1) of the Electronic Government Act: Provided, That if the applicant does not agree to the verification of the business registration, the applicant shall be required to attach the business registration certification: *<Amended on Sep. 20, 2022>*
1. A certificate of a corporate register (limited to where the applicant is a corporation);
 2. A business registration certification.
- (4) Where the applicant under paragraph (2) is eligible for the exemption from charges, costs, or expenses, the head of a Si/Gun/Gu shall notify the applicant and the institution imposing the charges, costs, or expenses through a document specifying the applicant's name or business name, business registration number, name of the representative, date of commencement of business, period of exemption from the charges, costs, or expenses, etc., within 14 days from the date of receiving the application for exemption. *<Amended on Sep. 20, 2022>*
- (5) Where necessary for the operation of the system for exemption from charges, costs, or expenses for startups under Article 23 of the Act, the Minister of SMEs and Startups may request the heads of relevant administrative agencies to provide information on the performance records, etc. of the exemption from charges, costs, or expenses. *<Amended on Sep. 20, 2022>*

Article 11 (Business Affairs Processed by Online Business Startup Support System)

The business affairs that can be processed through the online business startup support system under Article 24 (1) of the Act (hereinafter referred to as "online business startup support system") shall be as follows:

1. Registration for establishing a company under the Commercial Act and the Commercial Registration Act;
2. Payment of registration and license tax and local education tax under the Local Tax Act;
3. Business registration under the Corporate Tax Act or the Value-Added Tax Act;
4. Reporting on the national pension under the National Pension Act, the national health insurance under the National Health Insurance Act, the employment insurance under the Employment Insurance Act, and the industrial accident compensation insurance under the Industrial Accident Compensation Insurance Act.

CHAPTER IV FACILITATING NEW INDUSTRY AND TECHNOLOGY BUSINESS STARTUP

Article 12 (Business Affairs of On-Campus Organizations Dedicated to Supporting Business Startup)

The business affairs of the organization dedicated to supporting business startup under Article 32 (1) of the Act (hereinafter referred to as “organization dedicated to supporting business startup”) shall be as follows:

1. Planning and coordinating support for business startup in universities or colleges;
2. Startup discovery and commercialization support;
3. Management of business startup support organizations in universities or colleges, such as business incubators under Article 53 (1) of the Act;
4. Support for on-campus startups in terms of investment, staffing, technology, sales, etc.;
5. Management of laboratory factories and company specializing in the start-up of new technology-based businesses under the Act on Special Measures for the Promotion of Venture Businesses;
6. Collection and provision of and publicity for information on startup demand and activities;
7. Education and training for those working on projects for supporting business startup in universities and colleges;
8. Linking and coordinating projects for supporting business startup between universities and colleges.

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

Article 13 (Standards for Promising Startups)

(1) The promising startups under Article 34 (2) of the Act (hereinafter referred to as “promising startups”) shall meet all of the following requirements:

1. The number of full-time employees shall be at least 10;
2. The average annual growth rate in revenue or number of full-time employees over the last three years, as calculated by the following formula, shall be at least 20 percent:

Average annual growth in revenue or number of full-time workers =

A: Revenue or number of full-time workers in the final business year of the period covered by the calculation

B: Revenue or number of full-time workers in the initial business year of the period covered by the calculation

n: Period of the final business year minus the initial business year

(2) Where intending to support promising startups under Article 34 (2) of the Act, central administrative agencies, local governments, public institutions, and startup support organizations (hereafter in this Article referred to as "central administrative agencies, etc.") shall publish a support plan containing the following matters in the comprehensive business startup management system under Article 15 (1) of the Act:

1. Purpose of the support;

2. Details of the support;
 3. Period of the support;
 4. Qualifications for the support;
 5. Other matters that the relevant institution deems necessary for selecting promising startups.
- (3) Where a person who applies for support based on the support plan published under paragraph (2) meets the requirements under paragraph (1), the central administrative agencies, etc. may provide support, taking into consideration the following:
1. Capabilities of the promising startups;
 2. Challenging and creative business strategies and initiatives;
 3. Business goals and achievability.
- (4) Where intending to support promising startups, the central administrative agencies, etc. shall enter into an agreement with the promising startups, etc. that are selected for the support.

Article 14 (Preferential Purchase of Startups' Products by Public Institutions)

- (1) "Ratio ... prescribed by Presidential Decree" in Article 38 (3) of the Act means 8/100.
- (2) When calculating the target ratio of purchase under paragraph (1), the purchase by a public institution (referring to a public institution under the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets; hereafter in this Article and Article 15 the same shall apply) of a product that has undergone simple processing by the startup, such as packaging for sale or additional work to maintain productivity, shall not be considered as a purchase of a startup's product.

Article 15 (Procedures for Confirmation of Startups)

- (1) One who intends to apply for the confirmation of a startup under Article 39 (1) of the Act shall submit to the Minister of SMEs and Startups an application for confirmation of a startup prescribed by Ordinance of the Ministry of SMEs and Startups through the startup confirmation system under Article 39 (4) of the Act, along with documents proving that the person does not fall under any of the subparagraphs of Article 2 (1), as publicly notified by the Minister of SMEs and Startups.
- (2) Upon receipt of the application for confirmation of a startup under paragraph (1), the Minister of SMEs and Startups shall verify the following documents through administrative data matching under Article 36 (1) of the Electronic Government Act: Provided, That if the applicant does not agree to the verification of documents under subparagraph 2, 3, or 4, the applicant shall be required to attach the copies thereof:
1. A corporation registration certificate (only applicable to a corporation);
 2. A business registration certification;
 3. Documents for reporting business closure under Article 8 (8) of the Value-Added Tax Act;
 4. Documents related to the identification of small and medium enterprises under Article 10 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises.

(3) Upon receipt of an application under paragraph (1), the Minister of SMEs and Startups may conduct written or on-site inspections for the confirmation of a startup, and may require the relevant enterprise to submit data, if necessary.

(4) “Valid period ... prescribed by Presidential Decree” in the latter part of Article 39 (2) of the Act means three years.

(5) “Period ... prescribed by Presidential Decree” in Article 39 (3) of the Act means one year.

(6) “Business affairs prescribed by Presidential Decree, such as confirmation of startups and the issuance of evidentiary documents” in Article 39 (4) of the Act means the following:

1. Confirmation of startups and issuance of their certificates;
2. Filing of objections to startup confirmation;
3. Registration and promotion of startups’ products;
4. Provision of information on startups’ products to public institutions;
5. Management of statistics, purchase records, etc. related to the preferential purchase of startups’ products by public institutions under Article 38 of the Act.

(7) A person who objects to the result of confirmation of a startup under Article 39 (2) of the Act may appeal to the Minister of SMEs and Startups within seven days from the date of notification of the result.

Article 16 (Designation of Institutions Supporting Overseas Business Startup)

(1) Requirements for the designation as an institution supporting overseas business startup under Article 41 (4) of the Act (hereinafter referred to as “institution supporting overseas business startup”) shall be as follows:

1. To be a corporation incorporated abroad;
2. To have spaces, etc. for business startup to educate and incubate startups, etc.;
3. To have at least two full-time professionals (meaning those who have been practicing in the field for at least two years) who can provide professional services to startups, etc., such as investment, consulting, expert counseling support, and support for connections with other startups.

(2) Where intending to designate an institution supporting overseas business startup, the Minister of SMEs and Startups shall enter into an agreement regarding conduct, etc. of business affairs with the institution to be designated.

Article 17 (Procedures and Methods for Providing Contributions to or Subsidies for Projects for Supporting Business Re-Startup)

In cases of providing contributions or subsidies for all or part of the expenses incurred in conducting the projects under Article 42 (2) of the Act pursuant to Article 42 (3) of the Act, Article 7 shall apply mutatis mutandis with regard to the procedures, etc.

Article 18 (Request for Criminal History Records for Evaluation of Good Faith Management)

(1) “Crimes related to business management prescribed by Presidential Decree, such as the crimes provided in Articles 347, 356, and 357 of the Criminal Act” in Article 43 (3) 1 of the Act means the crimes under subparagraph 1 of attached Table 1-2, and “crimes of violating labor-related statutes prescribed by Presidential Decree, such as the Labor Standards Act” in subparagraph 2 of that paragraph means the crime under subparagraph 2 of attached Table 1-2. <Amended on Sep. 20, 2022>

(2) Where requesting to view criminal history records under the subparagraphs of Article 43 (3) of the Act, the Minister of SMEs and Startups shall submit a written application (including an electronic application form) for criminal history records prescribed by Ordinance of the Ministry of SMEs and Startups to the Commissioner General of the National Police Agency, the Commissioner General of the competent City/Do Police Agency, or the chief of a police station (hereinafter referred to as "police chief").

(3) Upon receipt of the request to view the criminal history records under paragraph (2), the police chief shall check the criminal history records of the relevant aspiring business re-starter or the representative of the re-startup and shall reply as prescribed by Ordinance of the Ministry of SMEs and Startups.

Article 19 (Designation and Operation of Institutions Dedicated to Evaluating Good Faith Management)

(1) One that intends to be designated as the institution dedicated to evaluating good faith management under Article 44 (1) of the Act (hereinafter referred to as “institution dedicated to evaluating good faith management”) shall meet all of the following requirements:

1. To be a public institution under Article 4 of the Act on the Management of Public Institutions (hereinafter referred to as “public institution”);
2. To have a record of promoting a project to support business re-startup under the subparagraphs of Article 42 (2) of the Act;
3. To have the physical facilities and personnel in place as prescribed by Ordinance of the Ministry of SMEs and Startups in order to effectively conduct the good faith management evaluation.

(2) The head of an institution dedicated to evaluating good faith management who establishes and operates the integrated management system under Article 44 (2) of the Act shall report the results of the good faith management evaluation and the establishment and operation of the integrated management system for the relevant year to the Minister of SMEs and Startups by January 31 of the following year.

CHAPTER VI SPECIAL CASES CONCERNING ESTABLISHMENT OF FACTORIES OF STARTUPS

Article 20 (Approval of Plans to Establish Factories)

(1) A person who intends to obtain approval of a plan to establish factories under Article 45 (1) of the Act (hereinafter referred to as “plan to establish factories”) or approval for change under paragraph (4) of that Article shall submit a written application prescribed by Ordinance of the Ministry of SMEs and Startups along with documents prescribed by Ordinance of the Ministry of SMEs and Startups to 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) where the factory is to be established.

(2) “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” in Article 45 (4) of the Act means the following cases:

1. Where the business entity is changed to a startup that has acquired under the proviso of Article 49 (1) 2 of the Act;
2. Where the type of business (referring to the type of business according to the detailed classifications of the Korean Standard Industrial Classification; hereafter in this paragraph the same shall apply) is changed to a different type of business;
3. Where the area of the factory site is changed (excluding cases where the area of the factory site decreases from the area approved under Article 45 (1) of the Act or increases within a range of 20/100 of the area approved under Article 45 (1) of the Act, which is in a range that is appropriate for the standard factory area ratio under subparagraph 2 of Article 8 of the Industrial Cluster Development and Factory Establishment Act (hereinafter referred to as “standard factory area ratio”));
4. Where the building area of the factory is changed (excluding cases where the building area of the factory increases within a range of 20/100 of the building area approved under Article 45 (1) of the Act or decreases within a range that is appropriate for the standard factory area ratio);
5. Where the area of appurtenant facilities is changed (excluding cases where the change is within a range that is appropriate for the standard factory area ratio).

Article 21 (Composition and Operation of Council for Processing Civil Petitions for Business Startup)

(1) The council for processing civil petitions for business startup under Article 45 (6) of the Act (hereinafter referred to as “council for processing civil petitions for business startup”) shall consult on the following:

1. Matters regarding support for approval of plans to establish factories;
2. Matters regarding provision of information on business startup in advance;
3. Matters necessary for batch process of the complaints received from startups.

(2) The head of the regional SMEs and Startups office shall become the chairperson of the council for processing civil petitions (hereafter in this Article referred to as “chairperson”), and the following persons shall become the members:

1. Public officials designated by the head of the administrative agency involved in the approval of plans to establish factories;

2. Working-level managers of public institutions who are in charge of business startup and are commissioned by the head of the regional SMEs and Startups office;
 3. Persons commissioned by the head of the regional SMEs and Startups office from among persons recommended by non-profit private organizations under the Assistance for Non-Profit, Non-Governmental Organizations Act or organizations related to small and medium enterprises (referring to the small and medium enterprise cooperatives under the Small and Medium Enterprise Cooperatives Act or the non-profit-making incorporated association established with the permission of the Minister of SMEs and Startups under Article 32 of the Civil Act).
- (3) Where it is deemed necessary for the support for and consultation on the approval of the plans to establish factories or where requested by a startup or the head of a Si/Gun/Gu, the chairperson shall hold a meeting of the council for processing civil petitions for business startup.
- (4) Where intending to hold a meeting of the council for processing civil petitions for business startup under paragraph (3), the chairperson shall provide written or electronic notice of the date and time and agenda items of the meeting to each member at least 10 days prior to the meeting.
- (5) Except as provided in paragraphs (1) through (4), matters necessary for the operation of the council for processing civil petitions for business startup shall be determined by the chairperson.

Article 22 (Guidelines on Processing Business Affairs of Approval of Plans to Establish Factories)

The head of a Si/Gun/Gu shall process the approval of the plans to establish factories under Article 45 of the Act in accordance with the following guidelines on processing business affairs:

1. The procedures, details of support and restrictions, etc. for applying for approval of a plan to establish factories shall be informed so that the applicants for approval of the establishment of a factory under the Industrial Cluster Development and Factory Establishment Act can apply for the approval of a plan to establish factories under the Act and this Decree if they are eligible for the approval of a plan to establish factories;
2. Matters regarding the exemption from charges, costs, or expenses, the exemption procedures, etc. under Article 23 (1) of the Act shall be informed to those who apply for the approval of a plan to establish factories or those who file a report after completing the construction of a factory or installation of a manufacturing facility, etc. under Article 45 (5) of the Act;
3. Matters regarding permission and authorization related to the approval of plans to establish factories as determined and publicly notified by the Minister of SMEs and Startups shall be observed.

Article 23 (Procedures for Prior Consultation Application)

(1) Where intending to request the prior consultation on the possibility of approving a plan to establish factories, etc. under Article 46 (1) of the Act, the startup shall submit a written request for the prior consultation to the head of the Si/Gun/Gu where the factory is to be established, along with the documents prescribed by Ordinance of the Ministry of SMEs and Startups.

(2) The head of a Si/Gun/Gu shall inform the results of the prior consultation on the approval of the plan to establish factories within seven days from the date of receiving the request for the prior consultation under paragraph (1).

Article 24 (Period of Consultation with Other Administrative Agencies)

“Period prescribed by Presidential Decree” in the former part of Article 47 (4) of the Act means 10 days.

Article 25 (Revocation of Approval of Plans to Establish Factories)

(1) “From the date approval for a plan to establish factories is obtained until the expiry of the period prescribed by Presidential Decree” in Article 49 (1) 1 of the Act means three years from the date approval of a plan to establish factories is obtained (two years in cases where permission for diversion of farmland, reporting on diversion of farmland, and approval for alteration of use are deemed granted under Article 47 (1) 8 of the Act), and “period ... prescribed by Presidential Decree after the commencement of such works” means one year from the commencement of construction works for factories.

(2) “Period prescribed by Presidential Decree” in Article 49 (1) 4 of the Act means four years.

(3) No later than 30 days before revoking approval of a plan to establish factories and permission for building factories under Article 49 (1) of the Act, the head of a Si/Gun/Gu shall notify those subject to the relevant disposition in writing to encourage them to change the approved plan to establish factories or to commence building of the factories.

CHAPTER VII ESTABLISHMENT OF FOUNDATION FOR SUPPORTING BUSINESS STARTUP

Article 26 (For-Profit Activities of the Korea Institute of Startup and Entrepreneurship Development)

The Korea Institute of Startup and Entrepreneurship Development established under Article 51 (1) of the Act (hereinafter referred to as the “Korea Institute of Startup and Entrepreneurship Development”) may conduct the following profit-making business pursuant to subparagraph (8) of that Article:

1. Academic research services related to business startup;
2. Education, publication, events, and promotion business related to business startup;
3. Provision of information and advisory business related to business startup;
4. Other business deemed by the Minister of SMEs and Startups as necessary for the facilitation of and support for business startup.

Article 27 (Designation of Institutions Dedicated to Local Business Startup)

(1) The Minister of SMEs and Startups may designate the following institutions as the institution dedicated to local business startup under Article 52 (1) of the Act (hereinafter referred to as “institution dedicated to local business startup”):

1. Public institutions;
 2. Associations or organizations whose members include universities and colleges, research institutes, and enterprises;
 3. Apart from those under subparagraph 2, non-profit corporations established for the purpose of revitalizing technology business startup and strengthening the technological innovation capabilities of small and medium enterprises and venture companies.
- (2) Where intending to designate an institution under the subparagraphs of paragraph (1) as an institution dedicated to local business startup, the Minister of SMEs and Startups shall consider the following:
1. The plan to foster local business startup shall be specific and feasible;
 2. The plan for financing the business shall be conducive to achieving the business objectives.

Article 28 (Designation of Operators of Business Incubators)

- (1) “Professional prescribed by Presidential Decree” in Article 53 (1) 2 of the Act means the professionals under attached Table 2.
- (2) Those who intend to be designated as the operator of a business incubator under Article 53 (1) of the Act (hereinafter referred to as “operator of a business incubator”) or who intend to change designated matters shall submit to the Minister of SMEs and Startups a written application for designation as the operator of a business incubator prescribed by Ordinance of the Ministry of SMEs and Startups, along with documents prescribed by Ordinance of the Ministry of SMEs and Startups.

Article 29 (Exemption from Fees for Using State-Owned Property)

“Amount prescribed by Presidential Decree” in Article 53 (4) of the Act means the amount classified as follows:

1. One hundredth of the value of the property calculated under Article 29 (2) of the Enforcement Decree of the State Property Act;
2. Notwithstanding subparagraph 1, an amount calculated under Article 31 of the Enforcement Decree of the State Property Act where the incubator tenant (referring to those who are a resident of a business incubator under Article 53 (3) of the Act; hereinafter the same shall apply) continues to rent the same State property for at least two consecutive years, and the annual usage fee calculated under subparagraph 1 has increased by at least 10 percent from the previous year's usage fee.

Article 30 (Reduction of or Exemption from Fees for Using Public Property)

Pursuant to Article 53 (6) of the Act, local governments may reduce the annual fees for using public property to an amount classified as follows:

1. One hundredth of the appraised value of the property under Article 14 (1) of the Enforcement Decree of the Public Property and Commodity Management Act;

2. Notwithstanding subparagraph 1, an amount calculated under Article 16 of the Enforcement Decree of the Public Property and Commodity Management Act where the incubator tenant continues to rent the same public property for at least two consecutive years, and the annual usage fee calculated under subparagraph 1 has increased by at least 10 percent from the previous year's usage fee.

Article 31 (Requirements for Registration of Small and Medium Enterprise Consulting Companies)

- (1) "Amount prescribed by Presidential Decree" in Article 54 (2) 1 (a) and (b) of the Act means 50 million won each.
- (2) "Person prescribed by Presidential Decree" in Article 54 (2) 2 (e) of the Act means a person who has not repaid a debt of more than 10 million won within three months from the date of agreement without good cause.
- (3) "Standards prescribed by Presidential Decree" in Article 54 (2) 3 of the Act means the following:
 1. To have at least two full-time professionals under attached Table 2;
 2. To have facilities prescribed by Ordinance of the Ministry of SMEs and Startups, such as offices.

Article 32 (Subsidization of Service Fees)

- (1) Where a small and medium enterprise consulting company under Article 54 (1) of the Act (hereinafter referred to as "small and medium enterprise consulting company") provides services to a startup under paragraph (3) of that Article (excluding cases where an investment company for the establishment of small and medium enterprises under Article 37 of the Venture Investment Promotion Act is registered as a small and medium enterprise consulting company and provides services), the Minister of SMEs and Startups may provide subsidies to the extent of not more than 80/100 of the relevant service fees.
- (2) Those who intend to receive subsidies for service fees under Article 54 (3) of the Act shall submit an application for service fee subsidies prescribed by Ordinance of the Ministry of SMEs and Startups to the Minister of SMEs and Startups, along with the documents prescribed by Ordinance of the Ministry of SMEs and Startups.

Article 33 (Establishment and Operation of Small and Medium Enterprise Startup Ombudsman Offices)

- (1) The Minister of SMEs and Startups may establish a small and medium enterprise startup ombudsman office under Article 55 (1) of the Act (hereafter in this Article referred to as "small and medium enterprise startup ombudsman office") at the regional SMEs and Startups office to receive and process civil petitions related to business startup.
- (2) Details regarding the operation, etc. of the small and medium enterprise startup ombudsman office established at the regional SMEs and Startups office under paragraph (1) shall be determined by the Minister of SMEs and Startups.

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 34 (Criteria for Revoking Registration and Discontinuing Support for Small and Medium Enterprise Consulting Companies)

The criteria for revoking designation and registration, and discontinuing support for graduate schools of entrepreneurship, institutions supporting overseas business startup, institutions dedicated to local business startup, operators of business incubators, and small and medium enterprise consulting companies under Article 56 (1) through (5) of the Act shall be as specified in attached Table 3.

Article 35 (Guidance and Supervision over Business Affairs)

The scope of the institutions supporting business startup that are guided and supervised by the Minister of SMEs and Startups under Article 58 (1) of the Act shall be as follows:

1. The Korea Institute of Startup and Entrepreneurship Development;
2. Institutions dedicated to local business startup;
3. The Korea SMEs and Startups Agency entrusted with the business affairs under Article 61 (3) of the Act.

Article 36 (Public Notice of Work Guidelines)

“Institution supporting business startup prescribed by Presidential Decree” in Article 59 of the Act means the following institutions:

1. Institutions that have received contributions or subsidies from the Minister of SMEs and Startups for all or part of the expenses incurred in conducting projects to facilitate business startup under Article 10 (3) of the Act;
2. Graduate schools of entrepreneurship under Article 19 of the Act;
3. Organizations exclusively dedicated to business startup support;
4. Institutions supporting overseas business startup;
5. Operators of business incubators;
6. Small and medium enterprise consulting companies;
7. Institutions supporting business startup under the subparagraphs of Article 35.

Article 37 (Reporting and Inspection of Status of Business Operations)

(1) Pursuant to Article 60 (2) of the Act, the Minister of SMEs and Startups may require an organization dedicated to supporting business startup, an institution supporting overseas business startup, the operator of a business incubator, and a small and medium enterprise consulting company to submit or report related materials regarding the status of business operations, etc., semiannually.

(2) Upon receipt of the request under paragraph (1), the organization dedicated to supporting business startup, the institution supporting overseas business startup, the operator of a business incubator, and the small and medium enterprise consulting company shall submit or report the relevant materials to the Minister of SMEs and Startups within three months from the date of receipt of the request.

Article 38 (Delegation of Authority and Entrustment of Business Affairs)

(1) Pursuant to Article 61 (1) of the Act, the Minister of SMEs and Startups shall delegate to the head of the regional SMEs and Startups office the authority to receive applications and review details for designation as an operator of a business incubator under Article 53 (1) of the Act.

(2) Pursuant to Article 61 (2) of the Act, the Minister of SMEs and Startups may entrust the Korea Institute of Startup and Entrepreneurship Development with the following business affairs:

1. Establishment and operation of the comprehensive business startup management system under Article 15 (1) of the Act;
2. Establishment and operation of the online business startup support system under Article 24 of the Act.

(3) Pursuant to Article 61 (3) of the Act, the Minister of SMEs and Startups may entrust the following business affairs to a corporation established with the permission of the Minister of SMEs and Startups under Article 32 of the Civil Act or the National Information Technology Industry Promotion Agency established under Article 26 of the Information and Communications Technology Industry Promotion Act for the purpose of supporting business startup and business re-startup:

1. Projects to facilitate the attraction of excellent overseas human resources and startups under Article 41 (3) of the Act;
2. Identifying and managing the operation status of the operators of business incubators and incubator tenants;
3. Confirming the status of the professionals and facilities of small and medium enterprise consulting companies under Article 54 (2) of the Act;
4. Receiving and confirming materials and reports regarding the status of business operations, etc. under Article 60 (2) of the Act.

(4) Where entrusting affairs under paragraph (3), the Minister of SMEs and Startups shall publicly notify the institution to be entrusted and the details of the entrusted business affairs.

Article 39 (Request for Materials and Information Related to Establishment and Operation of Comprehensive Business Startup Management System)

“Materials and information prescribed by Presidential Decree” in Article 62 (3) 4 of the Act means the following information: Provided, That the same shall not apply to the information on a patent application which has not been published or a patent application for which the grant of a patent has not been registered under Article 216 (2) 1 of the Patent Act (including international applications or international patent

applications that have not been published under Article 30 (1) of the Patent Cooperation Treaty):

1. Information on patent application under Article 42 of the Patent Act;
2. Information on patent registration under Article 85 of the Patent Act;
3. Information on international application under Article 193 of the Patent Act;
4. Information on international patent application under Article 193 of the Patent Act.

Article 40 (Criteria for Restriction on Participation in Projects for Supporting Business Startup)

(1) “Cases prescribed by Presidential Decree” in Article 63 (1) 6 of the Act means any of the following cases:

1. Where the process and results of implementing the projects are extremely poor or the project purpose is not achieved;
2. Where the request for submission of relevant materials or reports is not followed without good cause;
3. Where a startup that participated in a project for supporting business startup replaces its representative without good cause.

(2) The specific criteria for grounds for participation restrictions under the subparagraphs of Article 63 (1) of the Act shall be as specified in attached Table 4.

Article 41 (Processing of Sensitive Information and Personally Identifiable Information)

(1) Where it is unavoidable for performing business affairs related to the evaluation of good faith management of re-startups under Article 43 of the Act, the Minister of SMEs and Startups (including an institution designated as the institution dedicated to evaluating good faith management) may process data containing information corresponding to the criminal history record under subparagraph 2 of Article 18 of the Enforcement Decree of the Personal Information Protection Act and resident registration numbers, passport numbers, or alien registration numbers under Article 19 of that Decree.

(2) Where it is unavoidable for performing the following business affairs, the Minister of SMEs and Startups (including those entrusted with the business affairs of the Minister of SMEs and Startups under Article 38) may process data containing resident registration numbers, passport numbers, or alien registration numbers under Article 19 of the Enforcement Decree of the Personal Information Protection Act:

1. Business affairs regarding projects to facilitate business startup;
2. Business affairs regarding the establishment and operation of the comprehensive business startup management system under Article 15 of the Act;
3. Business affairs regarding the operation of the online business startup support system;
4. Business affairs regarding the projects to facilitate new industry and technology business startup under Article 26 of the Act;
5. Business affairs regarding the confirmation of startups under Article 39 of the Act;

6. Business affairs regarding the support for business re-startup, etc. under the subparagraphs of Article 42 (2) of the Act;
7. Business affairs regarding the registration of small and medium enterprise consulting companies and registration of changes thereof.

Article 42 (Re-Examination of Regulation)

The Minister of SMEs and Startups shall examine the appropriateness of the following matters every three years, counting from June 29, 2022 (referring to the period that ends on the day before the base date of every third year) and take measures, such as making improvements:

1. The period during which grounds for revocation of approval of plans to establish factories occur and procedures for revocation of approval under Article 25;
2. Requirements, and procedures for application, for designation as the operator of a business incubator under Article 28 and attached Table 2;
3. Requirements for registration of small and medium enterprise consulting companies under Article 31.

CHAPTER IX PENALTY PROVISIONS

Article 43 (Criteria for Imposition of Administrative Fines)

The criteria for imposing administrative fines under Article 66 (1) and (2) of the Act shall be specified in attached Table 5.

ADDENDA <Presidential Decree No. 32733, Jun. 28, 2022>

Article 1 (Enforcement Date)

This Decree shall enter into force on June 29, 2022.

Article 2 (Transitional Measures concerning Former Business Starters Following Change in Scope of Business Startup)

(1) Business starters who commenced the business after starting up the business before October 8, 2020, under the previous Article 2 (1) or (2) (referring to one before being amended by the Enforcement Decree of the Support for Small and Medium Enterprise Establishment Act (Presidential Decree No. 31108)) and to whom the business startup under the amended provisions of Article 2 (1) or (2) of the Enforcement Decree of the Support for Small and Medium Enterprise Establishment Act (Presidential Decree No. 31108) is not applicable shall be deemed as startups for seven years from the date of commencing business after starting up the business under the previous Article 2 (1) or (2) (referring to one before being amended by the Enforcement Decree of the Support for Small and Medium Enterprise Establishment Act (Presidential Decree No. 31108)), notwithstanding the amended provisions.

(2) Business starters who commenced business after starting up the business under the previous provisions before this Decree enters into force and to whom the business startup under the amended

provisions of Article 2 is not applicable shall be deemed as startups for seven years from the date of commencing business after starting up the business under the previous provisions.

Article 3 Omitted.

Article 4 (Relationship to Other Statutes and Regulations)

A citation of any provision of the previous Enforcement Decree of the Support for Small and Medium Enterprise Establishment Act by any other statute in force as at the time this Decree enters into force shall be deemed a citation of the relevant provision of this Decree in lieu of the previous provisions, if such provision exists in this Decree.

ADDENDUM <Presidential Decree No. 32914, Sep. 20, 2022>

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

Last updated : 2023-09-05

