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FOREIGN INVESTMENT PROMOTION ACT

[Enforcement Date 06. Apr, 2021.] [Act No.17883, 05. Jan, 2021., Amendment by
Other Act]

산업통상자원부 (투자정책과)044-203-4073



법제처 국가법령정보센터

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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose) The purpose of this Act is to promote foreign investment in Korea by providing necessary support and benefit and to contribute to the sound development of the nation's economy.

[This Article Wholly Amended on Jan. 30, 2009]

Article 2 (Definitions) (1) The terms used in this Act are defined as follows: <Amended on Jan. 27, 2016; Feb. 4, 2020; Dec. 22, 2020>

1. The term "foreigner" means an individual with a foreign nationality, a corporation established in accordance with a foreign law (hereinafter referred to as "foreign corporation"), or an international economic cooperative organization prescribed by Presidential Decree;
2. The term "national of the Republic of Korea" means an individual who has the nationality of the Republic of Korea;
3. The term "Korean corporation or enterprise" means a corporation established in accordance with the Acts of the Republic of Korea or a domestic enterprise registered as a business entity;
4. The term "foreign investment" means any of the following:
 - (a) Where a foreigner holds stocks or shares (hereinafter referred to as "stocks, etc.") of a Korean corporation or enterprise (including a Korean corporation in the process of establishment; hereafter in this Article the same shall apply), as prescribed by Presidential Decree, by any of the following methods in order to establish a continuous economic relationship with the Korean corporation or enterprise, such as participating in the management of the Korean corporation or enterprise, in accordance with this Act:
 - (i) Acquisition of stocks, etc. newly issued by the Korean corporation or enterprise;
 - (ii) Acquisition of previously issued stocks or shares (hereinafter referred to as "existing stocks, etc.") of the Korean corporation or enterprise;
 - (b) A loan with maturity of not less than five years (based on the loan maturity prescribed in the first loan contract), which is provided to the relevant foreign-invested company by any of the following entities:
 - (i) The overseas parent company of the foreign-invested company;
 - (ii) A company that has a capital investment relationship prescribed by Presidential Decree with the company prescribed in (i);

- (iii) A foreign investor;
 - (iv) A company that has a capital investment relationship prescribed by Presidential Decree with the investor prescribed in (iii);
 - (c) Where a foreigner contributes to a non-profit corporation pursuant to this Act in order to establish a continuous cooperative relationship with the corporation which satisfies the standards prescribed by Presidential Decree in terms of research personnel, facility, etc. and which is a Korean corporation or enterprise in the field of science and technology;
 - (d) Where a foreign-invested company uses its unappropriated earned surplus for the purposes prescribed by Presidential Decree, such as the creation or extension of its factory facilities (in this case, the foreign-invested company shall be deemed a foreigner under this Act, and the amount of foreign investment shall be the amount calculated by multiplying the amount used and the foreign investment ratio under Article 5 (3));
 - (e) Other contributions to a non-profit corporation by a foreigner, which the Foreign Investment Committee established under Article 27 (hereinafter referred to as the "Foreign Investment Committee") recognizes as a foreign investment in accordance with the standards prescribed by Presidential Decree regarding the business contents, etc. of the non-profit corporation;
5. The term "foreign investor" means a foreigner who holds stocks, etc. or has contributed as prescribed by this Act;
6. The term "foreign-invested company or foreigner-contributed non-profit corporation" means a company in which a foreign investor has invested, or a non-profit corporation to which a foreign investor has contributed;
7. The term "operator of establishments built to improve a foreign-investment environment" means any person who operates establishments prescribed by Presidential Decree, including schools and medical institutions for foreigners, in order to improve a foreign investment environment;
8. The term "object of investment" means any object in which a foreign investor invests in order to hold stocks, etc. under this Act, and which is any of the following:
- (a) A means of international payment as defined under the Foreign Exchange Transactions Act or a means of domestic payment incurred by the exchange of such a means of international payment;
 - (b) Capital goods;
 - (c) Proceeds from the stocks, etc. acquired under this Act;
 - (d) Industrial property rights, intellectual property rights prescribed by Presidential Decree, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies;

- (e) Where a foreigner closes his or her own branch company or office in Korea and converts the branch company or office into another domestic corporation, or where a domestic corporation, the stocks of which are held by a foreigner, is dissolved, the residual property to distributed to the foreigner upon liquidation of such branch company, office, or corporation;
 - (f) The amount of redemption of loans referred to in subparagraph 4 (b) or of other loans from foreign countries;
 - (g) Stocks prescribed by Presidential Decree;
 - (h) Real estate located in Korea;
 - (i) Other means of domestic payment prescribed by Presidential Decree;
9. The term "capital goods" means machinery, apparatus, facilities, equipment, parts, and accessories as industrial facilities (including vessels, motor vehicles, aircraft, etc.), livestock, breeds or seeds, trees, fish and shellfish which are necessary for the development of agriculture, forestry, and fisheries, raw materials and reserve stocks deemed necessary by the competent Minister (referring to the head of the central administrative agency in control of the project concerned; hereinafter the same shall apply) for the initial test (including pilot projects) of the facilities concerned, and the fees for transportation and insurance required for the introduction thereof and other know-how or service necessary therefor;
- 9-2. "Repatriating enterprises in a non-Seoul Metropolitan area" means enterprises that establish or expand their places of business in an area other than the Seoul Metropolitan area defined in subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act, among repatriating enterprises eligible for assistance selected pursuant to Article 7 of the Act on Assistance to Korean Off-Shore Enterprises in Repatriation;
10. Deleted. <Jan. 27, 2016>
- (2) For the purposes of this Act, the provisions of this Act concerning foreigners shall apply to an individual prescribed by Presidential Decree among nationals of the Republic of Korea who holds permanent residency in a foreign country. <Amended on Jan. 27, 2016>
- [This Article Wholly Amended on Jan. 30, 2009]

Article 3 (Protection of Foreign Investment) (1) Remittance of proceeds accruing from the stocks, etc. acquired by a foreign investor, proceeds from the sale of stocks, etc., and the principal, interests, and service charges paid under the loan contract referred to in Article 2 (1) 4 (b) to a foreign country, shall be guaranteed in accordance with the details of the report or permission of the foreign investment at the time of such remittance. <Amended on Jan. 27, 2016>

(2) Except as otherwise provided in other statutes, foreign investors and foreign-invested companies shall be treated in the same manner as nationals of the Republic of Korea or Korean corporations or enterprises are treated in respect of their business operations. <Amended on Feb. 4, 2020>

(3) Except as otherwise provided in other statutes, the provisions of tax statutes concerning tax exemptions and reductions applied to nationals of the Republic of Korea or Korean corporations or enterprises shall also apply to foreign investors, foreign-invested companies, and the lenders of loans under Article 2 (1) 4 (b). <Amended on Jan. 27, 2016; Aug. 20, 2019; Feb. 4, 2020>

(4) Matters necessary concerning procedures for remittance foreign countries under paragraph (1) shall be prescribed by Presidential Decree. <Newly Inserted on Jan. 27, 2016>

[This Article Wholly Amended on Jan. 30, 2009]

Article 4 (Liberalization of Foreign Investment) (1) Except as otherwise provided in the statutes of the Republic of Korea, a foreigner may engage in various activities of foreign investment in the Republic of Korea without restraint.

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

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

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

(4) Where the head of a relevant administrative agency restricts foreign investment, such as treating foreigners or foreign-invested companies unfavorably compared to nationals of the Republic of Korea or Korean corporations or enterprises or charging additional liabilities to foreigners or foreign-invested companies, in statutes and regulations other than this Act, public notices, etc., the Minister of Trade, Industry and Energy shall combine and publicly announce the details thereof each year, as prescribed by Presidential Decree. Where the head of a relevant administrative agency intends to amend or add any restriction, he or she shall pre-consult with the Minister of Trade, Industry and Energy. <Amended on Mar. 23, 2013; Feb. 4, 2020>

[This Article Wholly Amended on Jan. 30, 2009]

Article 4-2 (Formulation of Plans to Stimulate Foreign Investment) (1) In order to stimulate foreign investment, the Minister of Trade, Industry and Energy shall formulate a plan to stimulate foreign investment

(hereinafter referred to as "stimulus plan") each year by integrating and coordinating plans to stimulate foreign investment submitted by the heads of relevant central administrative agencies, the Special Metropolitan City Mayor, Metropolitan City Mayors, Special Self-Governing City Mayor, Do Governors, or the Governor of a Special Self-Governing Province (hereinafter referred to as "Mayor/Do Governor") pursuant to paragraph (3), and determine such plan after deliberation thereon by the Foreign Investment Committee.
<Amended on Apr. 5, 2010; Dec. 11, 2012; Mar. 23, 2013>

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

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

(3) The heads of related central administrative agencies and the Mayors/Do Governors shall submit a foreign investment stimulus plan for the following year to the Minister of Trade, Industry and Energy by December 31 each year. <Newly Inserted on Apr. 5, 2010; Mar. 23, 2013>

(4) The Minister of Trade, Industry and Energy, the heads of related central administrative agencies and the Mayors/Do Governors shall submit the implementation outcomes concerning the stimulation of foreign investment of the previous year to the Foreign Investment Committee by the end of February of the following year, and the Foreign Investment Committee shall evaluate such outcomes. <Newly Inserted on Apr. 5, 2010; Mar. 23, 2013>

(5) The Minister of Trade, Industry and Energy may request the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency established under the Korea Trade-Investment Promotion Agency Act (hereinafter referred to as the "Korea Trade-Investment Promotion Agency") and the heads of relevant financial institutions prescribed by Presidential Decree to submit data necessary for formulating a stimulus plan, etc. <Amended on Apr. 5, 2010; Mar. 23, 2013>

(6) Upon receipt of a request made under paragraph (5), the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency and the heads of the relevant financial institutions shall comply therewith, unless other specific grounds exist. <Amended on Apr. 5, 2010>

[This Article Wholly Amended on Jan. 30, 2009]

[Title Amended on Apr. 5, 2010]

Article 4-3 (Actual Survey of Employment by Foreign-Invested Companies) (1) The Minister of

Trade, Industry and Energy shall conduct an actual survey of employment by foreign-invested companies

every three years in order to more efficiently formulate and implement stimulus plans, and support foreign investment.

(2) The actual survey under paragraph (1) shall include the following:

1. Matters concerning the employment status and characteristics of foreign-invested companies by region, category of business, and occupation;
2. Matters concerning change in demand for human resources by foreign-invested companies;
3. Matters concerning working conditions, including wages, provided by foreign-invested companies;
4. Other matters the Minister of Trade, Industry and Energy deems necessary in relation to employment status of foreign-invested companies.

(3) The Minister of Trade, Industry and Energy may, where necessary for the actual survey under paragraph (1), request submission of materials or opinion to the head of the relevant central administrative agency, a Mayor/Do Governor, the head of a public institution under the Act on the Management of Public Institutions (hereinafter referred to as "public institution"), a foreign-invested company, or an organization related to foreign-invested companies. In such cases, the person so requested shall comply with such request unless there is a compelling reason not to do so.

[This Article Newly Inserted on Dec. 31, 2018]

CHAPTER II PROCEDURES FOR FOREIGN INVESTMENT

Article 5 (Reporting on Foreign Investment) (1) A foreigner (including specially related personnel prescribed by Presidential Decree in cases falling under Article 2 (1) 4 (a) (ii); hereafter in this Article the same shall apply) who intends to make a foreign investment by either of the methods provided for in the items of Article 2 (1) 4 shall, in advance, report thereon to the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy.

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

1. Where the foreigner acquires existing stocks, etc. issued by a listed stock corporation under the Financial Investment Services and Capital Markets Act (excluding public purpose corporations referred to in Article 152 (3) of the same Act and corporations that are restricted from acquiring stocks under separate Acts);
2. Where the foreign investor acquires stocks, etc. issued upon capitalizing reserves of the relevant foreign-invested company, revaluation reserves thereof, or other reserves prescribed by other statutes or regulations;
3. Where the foreign investor acquires stocks, etc. of a surviving corporation or a newly incorporated corporation after a merger, all-inclusive stock swap or transfer, or spinoff by means of stocks he or she is

holding at the time of the relevant foreign-invested company's merger, all-inclusive stock swap or transfer with another company, or spinoff;

4. Where the foreigner acquires stocks, etc. of a foreign-invested company registered under Article 21 by means of purchase, inheritance, testamentary gift, or gift from a foreign investor;
5. Where the foreign investor acquires stocks, etc. by investing the proceeds from the stocks, etc. acquired under the statutes of the Republic of Korea;
6. Where the foreigner acquires stocks, etc. using convertible bonds, exchangeable bonds, stock depository receipts, and such similar ones as bonds or receipts that may be converted into, taken over as, or exchanged for stocks, etc.

(3) Of the details reported under paragraph (1) or (2), where any of the matters prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio (referring to the ratio of the stocks, etc. owned by a foreign investor to the total stocks, etc. of a foreign-invested company; hereinafter the same shall apply), is modified, a foreigner may reflect such modified matter when reporting to Minister of Trade, Industry and Energy.

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

[This Article Wholly Amended on Jan. 27, 2016]

Article 6 (Permission of Foreign Investment) (1) A foreigner (including specially related persons prescribed by Presidential Decree) who intends to make a foreign investment in a defense industry company prescribed by Presidential Decree in a method provided in Article 2 (1) 4 (a) shall pre-obtain permission from the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy, notwithstanding Article 5 (1) and (2). The same shall also apply where the foreigner intends to amend any permitted details prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio. <Amended on Feb. 4, 2020>

(2) Upon receipt of an application for permission filed under paragraph (1), the Minister of Trade, Industry and Energy shall determine whether to grant permission, and notify the relevant applicant of his or her determination within a period prescribed by Presidential Decree.

(3) The Minister of Trade, Industry and Energy shall consult with the competent Minister before determining whether to grant permission under paragraph (2), as prescribed by Presidential Decree.

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

(5) No one who has acquired stocks, etc. without obtaining permission under paragraph (1) or in violation of conditions imposed under paragraph (4) shall exercise his or her voting rights in such stocks, etc. <Amended on Feb. 4, 2020>

(6) The Minister of Trade, Industry and Energy may order a person who has acquired stocks, etc. without obtaining permission under paragraph (1) or in violation of conditions imposed under paragraph (4) to transfer such stocks, etc. to a third party, as prescribed by Presidential Decree. <Amended on Feb. 4, 2020>

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

[This Article Wholly Amended on Jan. 27, 2016]

Article 7 Deleted. <Jan. 27, 2016>

Article 8 Deleted. <Jan. 27, 2016>

Article 8-2 Deleted. <Jan. 27, 2016>

CHAPTER III MEASURES FOR SUPPORTING FOREIGN INVESTMENT

Article 9 (Tax Reduction and Exemption for Foreign Investment) Taxes may be reduced or exempted for foreign investments, as prescribed by the Restriction of Special Taxation Act and the Restriction of Special Local Taxation Act. <Amended on Feb. 4, 2020>

[This Article Wholly Amended on Jan. 30, 2009]

Article 10 Deleted. <May 24, 1999>

Article 11 Deleted. <May 24, 1999>

Article 12 Deleted. <May 24, 1999>

Article 13 (Lease of State or Public Property) (1) The Minister of Economy and Finance, the head of a central government agency that manages state property, the head of a local government, the head of a public institution, or the head of a local public enterprise under the Local Public Enterprises Act (excluding local government-directly operated enterprises; hereafter in this Article referred to as "local public enterprise") may, by a negotiated contract, allow a foreign-invested company or the operator of establishments built to improve a foreign-investment environment (hereafter in this Article and Articles 13-2 through 13-4 and 14 referred to as "foreign-invested company, etc.") to use or profit from land, factories, or other property (hereinafter referred to as "land, etc.") owned by the State, local government, public

institution, or local public enterprise (hereinafter referred to as the "State, etc."), or may lend such land, etc. to the foreign-invested company, etc. (hereinafter referred to as "lease"), notwithstanding the relevant provisions of any of the following statutes: Provided, That land, etc. falling under Article 18 (1) 1 may be leased to repatriating enterprises in a non-Seoul metropolitan area: <Amended on Apr. 5, 2010; Dec. 11, 2012; Dec. 31, 2018; Feb. 4, 2020; Dec. 22, 2020>

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

(2) Foreign-invested companies that are allowed to lease land, etc. pursuant to paragraph (1) shall be limited to companies meeting the minimum foreign investment ratio prescribed by Presidential Decree, and shall, after such lease, maintain the minimum foreign investment ratio for a period prescribed by Presidential Decree from the date of the lease (excluding where such companies temporarily fail to maintain the minimum foreign investment ratio for a period prescribed by Ordinance of the Ministry of Trade, Industry and Energy; hereinafter the same shall apply): Provided, That the foregoing shall not apply where a foreign-invested company, which has made a great contribution to the national economy in terms of the scale of employment creation, the amount of foreign investment, the effect of technology transfer, etc., falls under any of the following cases: <Newly Inserted on Dec. 11, 2012; Jan. 27, 2016; Feb. 4, 2020>

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

(3) Where land, etc. owned by the State, etc. are leased under paragraph (1), the lease term under the Acts referred to in subparagraphs 1 through 5 of the same paragraph may be set within a maximum of 50 years,

notwithstanding the following provisions. In such cases, the lease term may be renewed, and the period of renewal shall not exceed the period specified in the former part at each time of renewal: <Amended on Apr. 5, 2010; Dec. 11, 2012; Feb. 4, 2020>

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

(4) Where land owned by the State or a local government is leased under paragraph (1), a factory or other permanent facilities may be built on such land, notwithstanding Article 18 (1) of the State Property Act and Article 13 of the Public Property and Commodity Management Act. In such cases, the condition that the relevant facility be donated to the State or the local government, or returned after being restored to its original state, at the end of the lease term shall be attached, in consideration of the type, etc. of the facility. <Amended on Jan. 30, 2009; Dec. 11, 2012; Feb. 4, 2020>

(5) Where land, etc. owned by the State, etc. are leased under paragraph (1), rents under the Acts referred to in subparagraphs 1 through 5 of the same paragraph shall be set as prescribed by Presidential Decree, notwithstanding the following provisions, and may be denominated in foreign currency: <Amended on Apr. 5, 2010; Dec. 11, 2012; Feb. 4, 2020>

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

(6) Deleted. <Feb. 4, 2020>

(7) Deleted. <Feb. 4, 2020>

(8) Deleted. <Feb. 4, 2020>

(9) Deleted. <Feb. 4, 2020>

(10) Deleted. <Feb. 4, 2020>

(11) Deleted. <Feb. 4, 2020>

[This Article Wholly Amended on Jan. 30, 2009]

[Title Amended on Feb. 4, 2020]

Article 13-2 (Reduction of or Exemption from Rent for State or Public Property) (1) Where land, etc. owned by the State, which fall under any of the following, are leased to a foreign-invested company that runs a business prescribed by Presidential Decree or land, etc, which fall under Article 18 (1) 1 to a repatriating enterprise in a non-Seoul metropolitan area that runs a business prescribed by Presidential

Decree, the Minister of Economy and Finance or the head of a central government agency that manages state property may reduce or exempt the rent for the relevant land, etc. in consultation with the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree, notwithstanding Article 38 of the Industrial Sites and Development Act: <Amended on Dec. 22, 2020>

1. Land, etc. located in a foreign investment zone under Article 18;
2. Land, etc. located in a national industrial complex under Article 6 of the Industrial Sites and Development Act (hereinafter referred to as "national industrial complex");
3. Land, etc. located in a general industrial complex, an urban high-tech industrial complex, or an agro-industrial complex under Article 7, 7-2, or 8 of the Industrial Sites and Development Act.

(2) Where land, etc. owned by the State are leased to the operator of establishments built to improve a foreign investment environment, the Minister of Economy and Finance or the head of a central government agency that manages state property may reduce or exempt the rent for the relevant land, etc. as prescribed by Presidential Decree, notwithstanding Articles 32 (1) and 47 of the State Property Act.

(3) Where land, etc. owned by a local government are leased to a foreign-invested company, etc., the head of the local government may reduce or exempt the rent for the relevant land, etc. as prescribed by Presidential Decree, notwithstanding Articles 22, 24, 32, and 34 of the Public Property and Commodity Management Act.

(4) Where land, etc. leased with the rent reduced or exempted under paragraphs (1) through (3) are located in an industrial complex under subparagraph 8 of Article 2 of the Industrial Sites and Development Act, the lease term may be set within a maximum of 50 years, notwithstanding Article 38 of the same Act.

(5) The lease term referred to in paragraph (4) may be renewed. In such cases, the period of renewal shall not exceed the period specified in paragraph (4).

[This Article Newly Inserted on Feb. 4, 2020]

Article 13-3 (Sale of State or Public Property) (1) The State, etc. may sell their land, etc. to a foreign-invested company, etc. by a negotiated contract, notwithstanding the relevant provisions of any Act falling under any subparagraph of Article 13 (1).

(2) Foreign-invested companies that may purchase land, etc. pursuant to paragraph (1) shall be limited to those that meet the minimum foreign investment ratio prescribed by Presidential Decree, and shall maintain the minimum foreign investment ratio for a period prescribed by Presidential Decree from the date of acquisition of the relevant land, etc.: Provided, That the same shall not apply in cases falling under any subparagraph of Article 13 (2).

(3) In selling land, etc. under paragraph (1) to a foreign-invested company, etc., where it is deemed impracticable for the purchaser to pay the purchase price in a lump sum, the payment deadline may be

extended or the payment may be made in installments, as prescribed by Presidential Decree, notwithstanding Article 50 (1) of the State Property Act, Article 37 of the Public Property and Commodity Management Act, and Article 39 (3) of the Act on the Management of Public Institutions.

[This Article Newly Inserted on Feb. 4, 2020]

Article 13-4 (Cancellation of Sale of State or Public Property) (1) Where a foreign-invested company, etc. which have purchased land, etc. by a negotiated contract pursuant to Article 13-3 (1) fall under any of the following, the State, etc. may terminate or cancel the contract for the sale of the land, etc.: Provided, That in cases of subparagraph 1 or 3, this shall not apply where the State, etc. order the correction thereof and then the relevant foreign-invested company, etc. comply with such order within a period prescribed by Ordinance of the Ministry of Trade, Industry and Energy:

1. Where the foreign-invested company, etc. fail to pay the purchase price;
2. Where the foreign-invested company, etc. are found to have concluded the relevant contract by making a false statement or submitting false evidential documents or by other improper means;
3. Where the foreign-invested company, etc. fail to commence a business by the due date of commencement under the relevant negotiated contract without any extenuating circumstances, after they have concluded the contract;
4. Where the foreign-invested company, etc. fail to meet the requirements under Article 13 (2) 1 through 4;
5. Where the foreign-invested company, etc. fail to maintain the minimum foreign investment ratio for a period specified in Article 13-3 (2);
6. Where the termination or cancellation of the relevant contract is deemed necessary after consultation between the State, etc. and the foreign-invested company, etc.

(2) Where the State, etc. sell land, etc. pursuant to Article 13-3 (1), the relevant foreign-invested company, etc. shall register a special agreement stating that the sales contract may be cancelled where any ground under paragraph (1) 2 through 6 occurs.

(3) Where a contract is terminated or cancelled under paragraph (1), the State, etc. shall take necessary measures to recover the rights to the relevant land, etc., without delay.

[This Article Newly Inserted on Feb. 4, 2020]

Article 14 (Support for Foreign Investment Inducement Activities of Local Governments) (1)

Where a local government requests the State to provide funds necessary for the formation of a foreign investment zone prescribed in Article 18, loan for the purchase of land to be leased to any foreign-invested company, etc., reduction or exemption of the rents of land, etc., reduction of lot prices (including such cases

where the local government provides the money, where any person prescribed by Presidential Decree leases the land, etc. to any foreign-invested company, etc. with the rents reduced or exempted or sells at a price lower than the land preparation costs, for the portion equivalent to the amount of the rents reduced or exempted as such or to the difference between the land preparation costs and the lot prices), payment of various kinds of subsidies, such as the education and training subsidy, and other foreign investment inducement projects, the State shall provide such funds to the maximum extent possible.

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

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

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 14-2 (Cash Grants for Foreign Investments) (1) Where a foreigner makes any of the following foreign investments at least at the foreign investment ratio prescribed by Presidential Decree, the State or the competent local government may provide the foreigner with cash grants required for the uses prescribed by Presidential Decree, including the creation or extension of factory facilities, and research and development, taking into account whether the relevant foreign investment accompanies high technology, the effect of technology transfer, the scale of job creation, whether the foreign investment overlaps any domestic investment, the propriety of the location in which the foreign investment is made, etc.: <Amended on Apr. 5, 2010; Jan. 28, 2015; Dec. 31, 2019; Feb. 4, 2020>

1. Where the foreigner installs a new factory facility or expands an existing facility (referring to a place of business in cases of any business other than the manufacturing business) in order to run the business provided in Article 121-2 (1) 1 of the Restriction of Special Taxation Act;
2. Where the foreigner installs a new factory facility or expands an existing facility (referring to a place of business in cases of any business other than the manufacturing business) in order to run the business of advanced technology and advanced products under Article 5 of the Industrial Development Act;

3. Where the foreigner installs a new factory facility or expands an existing factory facility in order to produce materials, components, and equipment defined in subparagraphs 1 and 2 of Article 2 of the Act on Special Measures for Strengthening the Competitiveness of Materials, Components and Equipment Industries as prescribed by Presidential Decree;
4. Where the foreigner installs a new factory facility or expands an existing factory facility (referring to a place of business in cases of any business other than the manufacturing business) which creates new employment exceeding the number of regular workers prescribed by Presidential Decree;
5. Where the number of regular employment of full-time researchers is five or more persons, consisting of persons holding at least a master's degree in a field related to the business provided in Article 121-2 (1) 1 of the Restriction of Special Taxation Act, the business of advanced technology and advanced products under Article 5 of the Industrial Development Act, or the business of materials and components under subparagraph 1 of Article 2 of the Act on Special Measures for Strengthening the Competitiveness of Materials, Components and Equipment Industries (hereafter in this subparagraph referred to as "business"), or persons holding a bachelor's degree in a field related to such business with at least three years' research experience, which meets any of the following requirements:
 - (a) Where the foreigner installs a new research facility or expands an existing research facility in order to conduct research and development activities for the relevant business;
 - (b) Where a non-profit corporation that has received contributions pursuant to Article 2 (1) 4 (c) newly installs or expands research facilities;
6. Where it is an investment that has a large effect on the domestic economy for its amount, for which the Foreign Investment Committee deems it necessary to provide cash grants in accordance with the standards prescribed by Presidential Decree with respect to the requirements for foreign investors, etc.
 - (2) The amount of cash grants referred to in paragraph (1) shall be determined after negotiations with the relevant foreigner and deliberation by the Foreign Investment Committee.
 - (3) Matters necessary for the methods, procedures, etc. for providing cash grants under paragraph (1) shall be prescribed by Presidential Decree.
 - (4) In cases of cash grants under paragraph (1), the local government may by ordinance prescribe matters necessary for the determination on the provision of cash grants, the methods for calculating limits on cash grants, the procedures for negotiating the investment support with foreigners, and other similar matters, except as provided in paragraph (3).
 - (5) Where an applicant for cash grants under paragraph (1) files the application by fraud or other improper means or any other ground prescribed by Presidential Decree occurs, the State or the local government shall

cancel or revoke the provision of cash grants or reduce or recover the amount of cash grants, after deliberation and decision by the Foreign Investment Committee. <Newly Inserted on Feb. 4, 2020>
[This Article Wholly Amended on Jan. 30, 2009]

Article 14-3 (Monetary Rewards for Inducing Foreign Investment) (1) The head of a local government may grant monetary rewards to a person recognized as having greatly contributed to inducing foreign investment in proportion to the outcomes of inducing foreign investment, as prescribed by ordinance of the local government.

(2) The head of a public institution may grant monetary rewards to a person recognized as having greatly contributed to inducing foreign investment according to the standards established by the Minister of Trade, Industry and Energy, after deliberation and decision by the Foreign Investment Committee in proportion to the outcomes of inducing foreign investment: Provided, That no monetary rewards shall be paid in addition to the monetary rewards provided under paragraph (1). <Amended on Mar. 23, 2013>
[This Article Wholly Amended on Jan. 30, 2009]

Article 15 (Establishment of Foreign Investor Support Center) (1) A Foreign Investor Support Center (hereinafter referred to as the "Investment Support Center") shall be established in the Korea Trade-Investment Promotion Agency in order to conduct consultations, guidance, advertisement, investigation, research, and treatment of civil petitions either directly or by proxy, the nurturing of business start-up, etc. concerning foreign investment and provide comprehensive support measures for foreign investors and foreign-invested companies. <Amended on Apr. 5, 2010>

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

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

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

(5) The head of a relevant administrative agency or a foreign-investment related agency to whom a request for dispatching public officials or officers or employees has been made in accordance with paragraph (2) shall select those who are well-suited for the business matters in question and dispatch them, unless other specific grounds exist to the contrary, and where he or she intends to stop the dispatched service before the period for service expires, he or she shall consult in advance with the president of the Korea Trade-Investment Promotion Agency.

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

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

(8) Deleted. <Apr. 5, 2010>

(9) Matters necessary for the composition and operation of the Investment Support Center shall be prescribed by Presidential Decree. <Amended on Apr. 5, 2010>

[This Article Wholly Amended on Jan. 30, 2009]

[Title Amended on Apr. 5, 2010]

Article 15-2 (Foreign Investment Ombudsmen) (1) In order to resolve complaints from foreign investors and foreign-invested companies, a foreign investment ombudsman shall be commissioned from among persons with abundant knowledge and experience in foreign investment affairs. <Amended on Apr. 5, 2010>

(2) The foreign investment ombudsman under paragraph (1) (hereinafter referred to as the "foreign investment ombudsman") shall be commissioned by the President, after the recommendation of the Minister of Trade, Industry and Energy and deliberation and decision by the Foreign Investment Committee. <Amended on Mar. 23, 2013>

(3) Where necessary for resolving complaints from foreign investors and foreign-invested companies, the foreign investment ombudsman may request the head of a relevant administrative agency and the head of a foreign-investment related agency (hereinafter referred to as "relevant administrative agency, etc.") to render the following necessary cooperation. In such cases, the head of the relevant administrative agency, etc. in receipt of such request shall comply therewith, except in extenuating circumstances: <Amended on Apr. 5, 2010>

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

(4) Where deemed necessary after resolving complaints from foreign investors and foreign-invested companies, the foreign investment ombudsman may recommend the heads of relevant administrative agencies and the heads of public institutions to take corrective measures on related affairs. <Newly Inserted on Apr. 5, 2010>

(5) Upon receipt of recommendations made under paragraph (4), the heads of relevant administrative agencies or public institutions shall, in writing, notify the foreign investment ombudsman of handling results within the period prescribed by Presidential Decree. <Newly Inserted on Dec. 11, 2012>

(6) Where the heads of relevant administrative agencies or public institutions fail to implement recommendations made under paragraph (4), the foreign investment ombudsman may request them to submit matters concerning such recommendations to the Foreign Investment Committee as an agenda. <Newly Inserted on Dec. 11, 2012>

(7) In order to promote the improvement of regulations on complaints from foreign investors and foreign-invested companies in an organized manner, the foreign investment ombudsman shall prepare an annual report on reorganization activities, such as the current status of regulations and systems obstructing foreign investment, results of improvement thereof, etc., and submit the report to the Foreign Investment Committee, as prescribed by Presidential Decree. <Newly Inserted on Dec. 11, 2012>

(8) The foreign investment ombudsman shall not use data received from the heads of relevant administrative agencies, etc. pursuant to paragraph (3) or confidential information that he or she has become aware of in the course of performing duties for any purposes other than those prescribed by this Act, or divulge it to any third party. <Amended on Apr. 5, 2010; Dec. 11, 2012>

(9) The foreign investment ombudsman shall be deemed a public official for purposes of applying the penalty provisions of Articles 129 through 132 of the Criminal Act. <Amended on Apr. 5, 2019; Dec. 11,

2012>

(10) A grievance committee shall be established within the Korea Trade-Investment Promotion Agency in order to support the duties of the foreign investment ombudsman. <Newly Inserted on Apr. 5, 2010; Dec. 11, 2012>

(11) Matters necessary for the composition and operation of the grievance committee shall be prescribed by Presidential Decree. <Newly Inserted on Apr. 5, 2010; Dec. 11, 2012>

[This Article Wholly Amended on Jan. 30, 2009]

[Title Amended on Apr. 5, 2010]

Article 16 (Foreign Investment Promotion Offices) (1) Central administrative agencies, the Special Metropolitan City, Metropolitan Cities, the Special Self-Governing City, Dos, the Special Self-Governing Province, and Sis/Guns/Gus (Gus refers to autonomous Gus) may each designate the office in charge of foreign investment as a foreign investment promotion office or establish a foreign investment promotion office in order to efficiently provide support for foreign investment by encouraging the smooth handling of civil petitions concerning permission, authorization, license, approval, designation, cancellation, report, recommendation, consultation, etc. related to foreign investment (hereinafter referred to as "permission, etc."), by supporting swift handling of grievances of foreign investors and foreign-invested companies and by establishing a cooperative system among related institutions. <Amended on Apr. 5, 2010; Dec. 11, 2012>

(2) When a foreign investment promotion official receives a request for cooperation by a relevant administrative agency, the Investment Support Center, or the grievance committee with respect to civil petitions concerning foreign investment, he or she shall cooperate in a positive manner. <Amended on Apr. 5, 2010>

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 17 (Special Cases concerning Handling of Civil Petitions by Foreign Investors) (1) Where a foreign investor or a foreign-invested company has been granted permission, etc. in the left column of attached Table 1, he, she, or it shall be deemed to have been granted permission, etc. in the right column of the same Table. <Amended on Jan. 30, 2009>

(2) A dispatched officer may directly handle civil petitions prescribed by Presidential Decree which are related to foreign investment of a foreign investor or a foreign-invested company (hereinafter referred to as "civil petitions to be handled directly"). In such cases, the head of the relevant administrative agency to which the

dispatched officer belongs shall entrust the dispatched officer with such civil petitions and give him or her approval authority therefor. <Amended on Jan. 30, 2009>

(3) A foreign investor or a foreign-invested company may request the Investment Support Center to file civil petitions on behalf of him, her, or it, such as filling out and submitting application forms relating to civil affairs. The head of the Investment Support Center thus requested shall select civil petitions related to the permission, etc. listed in attached Table 1 (hereinafter referred to as "civil petitions to be handled in bulk") and civil petitions related to foreign investment listed in attached Table 2 to be individually handled (hereinafter referred to as "civil petitions to be handled individually"), and transfer them to the head of the relevant civil affairs administrative agency for disposition; and shall notify the foreign investment promotion official under his or her jurisdiction of such fact. <Amended on Jan. 30, 2009>

(4) The head of a civil affairs administrative agency to whom an application form relating to civil affairs has been transferred pursuant to paragraph (3), or who has received an application form relating to civil affairs from a foreign investor or a foreign-invested company, shall consult with the head of the relevant administrative agency without delay, and the head of the relevant administrative agency shall submit his or her opinion within the period for handling prescribed in paragraph (5). If the head of the relevant administrative agency disagrees, he or she shall explicitly express his or her reasons therefor, and if the head of the relevant administrative agency does not submit his or her opinion within the period for handling prescribed in paragraph (5), he or she shall be deemed to have no opinion on the matter. <Amended on Jan. 30, 2009>

(5) Notwithstanding the relevant provisions of other statutes and regulations, the head of a civil affairs administrative agency or a dispatched officer shall handle civil petitions to be handled in bulk (referring to those civil petitions relating to the permission, etc. listed on the right column of attached Table 1, which have been received individually), civil petitions to be individually handled, and civil petitions to be handled directly, within the period for handling prescribed in Presidential Decree, and where the head of the civil affairs administrative agency or the dispatched officer has not notified the relevant person of the refusal of the application for permission, etc. within the period for handling, the permission, etc. shall be deemed granted as of the day immediately following the last day of the period for handling. In such cases, if the head of the civil affairs administrative agency or the dispatched officer intends to refuse the application for permission, etc. within the period for handling, he or she shall notify the relevant foreign investment promotion official, foreign investor, or foreign-invested company in writing of the reasons for refusal, as prescribed by Presidential Decree. <Amended on Jan. 30, 2009>

(6) Where permission, etc. is deemed granted pursuant to the former part of paragraph (5), the head of the civil affairs administrative agency or the dispatched officer shall issue, upon request of the relevant foreign investor or foreign-invested company, a document certifying the grant of the permission, etc. without delay. <Amended on Jan. 30, 2009>

(7) Where the foreign investor or foreign-invested company that was notified of the refusal of his, her, or its application for permission pursuant to the latter part of paragraph (5) resolves the issues that are the reasons for the refusal and submits a document certifying that he or she satisfies the conditions for the grant of the permission, etc. as prescribed by the relevant statutes and regulations, the head of the civil affairs administrative agency or the dispatched officer shall grant the originally intended permission, etc. within the period prescribed by Presidential Decree. In such cases, the head of the civil affairs administrative agency or the dispatched officer shall not refuse to grant the permission, etc. for any other reason than the ones given before. <Amended on Jan. 30, 2009>

(8) Paragraph (7) shall apply mutatis mutandis to consultation prescribed in paragraph (4). <Amended on Jan. 30, 2009>

(9) Where a foreign investor or a foreign-invested company intends to obtain permission, etc. relating to civil petitions to be handled in bulk, civil petitions to be handled individually, and civil petitions to be handled directly pursuant to paragraphs (2) through (8), he or she or it shall submit application documents prescribed by Ordinance of the Ministry of Trade, Industry and Energy, notwithstanding the provisions of other statutes and regulations. <Amended on Jan. 30, 2009; Mar. 23, 2013>

(10) Even when some of the requirements for the grant of permission, etc. relating to civil petitions to be handled in bulk, such as accompanying documents, have not been satisfied, the head of a civil affairs administrative agency may grant permission, etc. on the condition that the unsatisfied requirements shall be met, as prescribed by Presidential Decree. <Amended on Jan. 30, 2009>

(11) Where a statute or regulation other than this Act includes the provisions concerning civil affairs which can lead to realization of the goal of a foreign-invested company, which is possible only with permission, etc. granted under relevant statutes and regulations from the time the foreign investment was reported to the time the relevant business is launched, and which do not fall under any of the following subparagraphs, such statutes and regulations shall not apply to foreign investment by a foreign investor or foreign-invested company: <Amended on Jan. 30, 2009>

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

3. Civil petitions to be handled directly;
4. Other civil petitions relating to permission, etc. under this Act.

(12) Deleted. <Dec. 31, 2003>

(13) Except as provided for in paragraphs (1) through (11), matters necessary for handling civil petitions relating to foreign investment shall be prescribed by Presidential Decree. <Amended on Jan. 30, 2009>

CHAPTER IV FOREIGN INVESTMENT ZONES

Article 18 (Designation of Foreign Investment Zones) (1) The Mayors/Do Governors may designate each of the following zones as a foreign investment zone (hereinafter referred to as "foreign investment zone") following deliberation thereon by the Foreign Investment Committee. In such cases, where a foreign investment zone referred to in subparagraph 2 is to be developed into a general industrial complex or an urban high-tech industrial complex designated under Article 7 or 7-2 of the Industrial Sites and Development Act, a development plan shall be established in advance: <Amended on Apr. 5, 2010; Jan. 26, 2012; Dec. 22, 2020>

1. A zone designated to lease to foreign-invested companies or repatriating enterprises in a non-Seoul Metropolitan area or to exclusively transfer to foreign-invested companies among national industrial complexes designated under Article 6 of the Industrial Sites and Development Act and general industrial complexes designated under Article 7 of the same Act;
2. A zone in which any foreign investor intends to make a foreign investment meeting the standards prescribed by Presidential Decree;
3. An exclusive zone designated to lease or transfer land therein to foreign-invested companies that carry out research and development, among areas prescribed by Presidential Decree (including buildings in such areas; hereafter in this subparagraph the same shall apply), such as special research and development zones under subparagraph 1 of Article 2 of the Special Act on Promotion of Special Research and Development Zones;
4. A zone (including buildings) designated after consultation with the head of a relevant central administrative agency to lease or transfer land therein to foreign-invested companies running a service business of high added value, such as finance, and prescribed by Presidential Decree. In such cases, if deemed necessary for attracting foreign investment, a portion not exceeding the percentage prescribed by Presidential Decree of the total area designated (referring to the sum of floor space of each floor in cases of buildings) may be lent or transferred to companies that carry out the same business as foreign-invested companies.

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

(3) When a Mayor/Do Governor intends to designate the zones referred to in paragraph (1) 1 through 4 as foreign investment zones pursuant to the former part, with the exception of the subparagraphs, of paragraph (1), he or she shall establish a designation plan including the following matters and submit it to the Minister of Trade, Industry and Energy: <Newly Inserted on Apr. 5, 2010; Mar. 23, 2013>

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

(4) Where a Mayor/Do Governor designates a foreign investment zone pursuant to paragraphs (1) and (2), he or she shall provide a public notice of the following matters: <Amended on Apr. 5, 2010; Dec. 22, 2020>

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

(5) Where a Mayor/Do Governor intends to amend any matter publicly notified pursuant to paragraph (4), he or she shall submit such matter to the Foreign Investment Committee for deliberation: Provided, That this shall not apply to insignificant amendment prescribed by Presidential Decree. <Amended on Apr. 5, 2010; Feb. 4, 2020>

(6) Matters necessary for the procedures for, and methods of, the designation of foreign investment zones shall be prescribed by Presidential Decree. <Amended on Apr. 5, 2010; Feb. 4, 2020>

[This Article Wholly Amended on Jan. 30, 2009]

[Title Amended on Feb. 4, 2020]

Article 18-2 (Cancellation of Designation of Foreign Investment Zones) (1) Where a foreign-invested company or a foreign investment zone fails to satisfy the standards prescribed by Presidential Decree under Article 18 (1) and (2), the competent Mayor/Do Governor shall cancel the designation of a foreign investment zone after the deliberation by the Foreign Investment Committee. <Amended on Apr. 5, 2010>

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 18-3 (Development and Management of Foreign Investment Zones) (1) A foreign investment zone designated within a national industrial complex from among industrial complexes shall be managed by the management agency of the relevant national industrial complex; a foreign investment zone designated within an industrial complex other than a national industrial complex shall be managed by the competent Mayor/Do Governor; and a foreign investment zone designated within an area other than an industrial complex shall be developed and managed by the competent Mayor/Do Governor.

(2) Where the development of a new site is necessary to build factories, etc. in an area designated as a foreign investment zone, the foreign investment zone may be developed into a general industrial complex or an urban high-tech industrial complex.

(3) Where a foreign investment zone is developed into a general industrial complex or an urban high-tech industrial complex pursuant to paragraph (2), the foreign investment zone referred to in Article 18 (1) or (2) shall be deemed to be designated as a general industrial complex or an urban high-tech industrial complex. In such cases, a development plan under the latter part, with the exception of the subparagraphs, of Article 18 (1) shall be deemed a development plan under Article 7 (2) or 7-2 (4) of the Industrial Sites and Development Act, and a public notice under Article 18 (4) shall be deemed a public notice under Article 7-4 of the Industrial Sites and Development Act.

(4) Where there is any designation or public notice under Article 18 (1) through (4) in developing a foreign investment zone into a general industrial complex or an urban high-tech industrial complex pursuant to paragraph (2), "industrial complex" referred to in Article 12 (1) of the Industrial Sites and Development Act shall be construed as "foreign investment zone", and "when an industrial complex ... is designated or publicly notified" in Article 22 (2) of the same Act shall be construed as "when a foreign investment zone is designed

or publicly notified”.

(5) Matters necessary for development and management under paragraph (1), including the conclusion and termination of occupancy contracts, shall be prescribed by Presidential Decree.

[This Article Newly Inserted on Feb. 4, 2020]

Article 19 (Support Measures for Foreign Investment Zones) (1) Articles 28 and 29 of the Industrial Sites and Development Act shall apply mutatis mutandis to bearing the costs required for the development of a foreign investment zone and providing support for infrastructure, such as harbors, roads, water-supply facilities, railways, communications, and electric facilities, which is necessary for the efficient formation of a foreign investment zone: Provided, That this shall not apply where all or part of an already developed national industrial complex, general industrial complex, or urban high-tech industrial complex is designated as a foreign investment zone. <Amended on Feb. 4, 2020>

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 20 (Special Cases concerning Other Statutes) (1) Article 56 (1) 4 of the National Land Planning and Utilization Act shall not apply to partitioning of land within a foreign investment zone.

(2) Restrictions on export or import may be relaxed for a foreign-invested company that takes occupancy in a foreign investment zone, as prescribed by the Minister of Trade, Industry and Energy, notwithstanding Article 11 of the Foreign Trade Act. <Amended on Mar. 23, 2013>

(3) The following statutes shall not apply to a foreign-invested company that takes occupancy in a foreign investment zone: <Amended on Aug. 4, 2011; Sep. 15, 2011; Jan. 5, 2021>

1. Deleted; <Jan. 27, 2016>

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

(4) Notwithstanding Article 20 (1) of the Industrial Cluster Development and Factory Establishment Act, a foreign-invested company that takes occupancy in a foreign investment zone may undertake new establishment, expansion or transfer of a factory of at least 500 square meters (including a knowledge

industry center) or change its business type in a growth administration zone. <Newly Inserted on Apr. 5, 2010>

[This Article Wholly Amended on Jan. 30, 2009]

[Article 20 (3) 2 applicable until Dec. 31, 2011]

CHAPTER V FOLLOW-UP MANAGEMENT OF FOREIGN INVESTMENT

Article 21 (Follow-Up Management of Foreign Investment) (1) A foreign investor or a foreign-invested company that falls under any of the following (including cases falling under any of the following due to capital increase) shall file for registration as a foreign-invested company, as prescribed by Presidential Decree: <Amended on Jan. 27, 2016; Feb. 4, 2020>

1. Where he, she, or it has completed payment for the object of investment;
2. Where he, she, or it has completed the acquisition of stocks, etc. (referring to having paid for the stocks, etc.) by the methods prescribed in Article 2 (1) 4 (a);
3. Where he, she, or it has completed contribution by the methods prescribed in Article 2 (1) 4 (c) and (e);
4. Deleted. <Jan. 27, 2016>

(2) Notwithstanding paragraph (1), when a foreign investor or a foreign-invested company making a foreign investment defined under Article 2 (1) 4 (a) meets requirements prescribed by Presidential Decree, such as the investment amount, he, she, or it may file for registration as a foreign-invested company even prior to completing payment for the object of investment under paragraph (1) 1 or the acquisition of stocks, etc. under paragraph (1) 2. <Amended on Jan. 27, 2016>

(3) A foreign investor or a foreign-invested company shall file for registration of modification, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy, in any of the following cases: <Amended on Jan. 27, 2016>

1. Where he, she, or it has filed a report on foreign investment by any of the methods prescribed in Article 5 (2) 2 through 6;
2. Where he, she, or it falls under Article 121-5 (2) 2 of the Restriction of Special Taxation Act;
3. Where stocks, etc. owned by the foreign investor are reduced following transfer of the stocks, etc. he or she has acquired under Article 5 or 6 to a third person, or the capital reduction of the relevant foreign-invested company;
4. Where any of the matters prescribed by Ordinance of the Ministry of Trade, Industry and Energy, such as the foreign investment ratio and the trade name or name of the foreign-invested company, is changed.

(4) Where a foreign investor or a foreign-invested company falls under any of the following, the Minister of Trade, Industry and Energy may revoke the permission therefor or cancel the registration thereof: Provided, That in cases falling under subparagraph 2 or 3, he or she shall revoke the permission or cancel the registration: <Newly Inserted on Jan. 27, 2016; Dec. 31, 2018; Feb. 4, 2020; Dec. 22, 2020>

1. Where the foreign-invested company reports the closure of its business under Article 8 (8) of the Value-Added Tax Act;
2. Where the foreign investor has transferred all of the stocks, etc. owned by himself or herself to a national of the Republic of Korea or a Korean corporation or enterprise, or has ceased to hold all of the stocks, etc. due to the capital reduction of the relevant foreign-invested company;
3. Where he, she or it has filed for registration as a foreign-invested company as if payment for the object of investment were completed.

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

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

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 22 (Cooperation in Follow-Up Management of Foreign Investment) (1) Upon receipt of an application for registration of alteration filed by a foreign investor or foreign-invested company pursuant to Article 21 (3) in relation to the transfer or reduction of stocks, etc., the Minister of Trade, Industry and Energy shall notify the details of the application to the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service, and a Mayor/Do Governor without delay.

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

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

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

[This Article Wholly Amended on Jan. 27, 2016]

Article 23 Deleted. <Jan. 27, 2016>

Article 24 (Collection and Compilation of Statistics on Foreign Investment) (1) The Minister of Trade, Industry and Energy may request the Mayors/Do Governors, the president of the Korea Trade-Investment Promotion Agency, and foreign-invested companies to provide necessary data and statistics for the analysis of the effects of foreign investment on the national economy in terms of economic growth, balance of international payment, and employment. <Amended on Mar. 23, 2013>

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

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

[This Article Wholly Amended on Jan. 30, 2009]

CHAPTER VI Deleted.

Article 25 Deleted. <Jan. 27, 2016>

Article 26 Deleted. <Jan. 27, 2016>

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 27 (Foreign Investment Committee) (1) A Foreign Investment Committee shall be established under the Ministry of Trade, Industry and Energy to deliberate on the following: <Amended on Dec. 11, 2012; Mar. 23, 2013; Jan. 10, 2014; Feb. 4, 2020>

1. Important matters concerning the basic policy and schemes for foreign investment;
2. Matters concerning integration and coordination of the measures by competent Ministry to improve an environment for foreign investment;
3. Matters concerning the criteria for tax reductions or exemptions for foreign-invested companies;
4. Matters concerning cooperation among, and coordination of different opinions of, central administrative agencies, Special Metropolitan City, Metropolitan Cities, Special Self-Governing City, Dos, and Special Self-Governing Province with respect to foreign investment;
5. Matters concerning stimulus plans;
6. Matters concerning contributions to non-profit corporations defined in Article 2 (1) 4 (e);
7. Matters concerning support for local governments under Article 14;
8. Matters concerning cash grants under Article 14-2;
9. Matters concerning the payment of monetary rewards for inducing foreign investment under Article 14-3 (2);
10. Matters concerning the designation of foreign investment zones and assistance thereto under Articles 18 and 19;
11. Matters concerning approval under Article 30 (7);
12. Other important matters concerning the inducement of foreign investment.

(2) The Minister of Trade, Industry and Energy shall be the Chairperson of the Foreign Investment Committee, and the following persons shall be its members:<Amended on Apr. 5, 2010; Jun. 4, 2010; Dec. 11, 2012; Mar. 23, 2013; Nov. 19, 2014; Jul. 26, 2017; Feb. 4, 2020>

1. The Vice Minister of Economy and Finance, the Vice Minister of Education, the Vice Minister of Ministry of Science and ICT, the Vice Minister of Foreign Affairs, the Vice Minister of National Defense, the Vice Minister of the Interior and Safety, the Vice Minister of Culture, Sport and Tourism, the Vice Minister of Agriculture, Food and Rural Affairs, the Vice Minister of Environment, the Vice Minister of Employment and Labor, the Vice Minister of Land, Infrastructure and Transport, the Vice Minister of Oceans and Fisheries, the Minister of the Defense Acquisition Program Administration, and the Vice Chairperson of the Financial Services Commission;
2. The Deputy Director of the National Intelligence Service designated by the Director of the National Intelligence Service;
3. The Vice Ministers, vice chairpersons, or deputy administrators of central administrative agencies related to the agendas submitted to the Foreign Investment Committee, the Vice Mayor of Seoul Special Metropolitan City, Mayors/Do Governors (excluding the Seoul Special Metropolitan City Mayor) or the

president of the Korea Trade-Investment Promotion Agency.

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

(4) The Minister of Trade, Industry and Energy shall report to the Foreign Investment Committee on the current status of improving an environment for foreign investment referred to in paragraph (1) 2. <Amended on Mar. 23, 2013>

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 28 (Reporting, Investigation, and Correction) (1) The Minister of Trade, Industry and Energy and the competent Minister may require foreign investors, foreign-invested companies, the president of the Korea Trade-Investment Promotion Agency, the heads of the relevant financial institutions, and other interested parties to report on matters deemed necessary concerning foreign investment under this Act. <Amended on Mar. 23, 2013; Jan. 27, 2016>

(2) The Minister of Trade, Industry and Energy may require subordinate public officials or the heads of the relevant administrative agencies to conduct investigations into the following, where deemed necessary for the enforcement of this Act: <Amended on Mar. 23, 2013>

1. Matters concerning the introduction, use, and disposal of the funds (including objects of investment; hereafter in this Article the same shall apply) and capital goods invested by foreigners;
2. Deleted; <Jan. 27, 2016>
3. Matters concerning the implementation of the matters permitted or reported under this Act.

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

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

(5) In any of the following cases, the Minister of Trade, Industry and Energy may issue a corrective order or take other necessary measures against the relevant foreign investors, foreign-invested companies, person who has introduced or used funds or capital goods invested by a foreigner into Korea, and any other interested party: <Amended on Mar. 23, 2013; Jan. 27, 2016>

1. Where a person fails to implement the matters permitted or reported under this Act, or where what the person has implemented is illegal or unjust;
2. Where a person has discovered any of the facts provided in the subparagraphs of Article 4 (2).

(6) Where a foreign investor (including a foreign investor that fails to file for registration under Article 21 (1)) falls under any of the following, he or she shall transfer the stocks, etc. he or she owns to a national of the Republic of Korea or a Korean corporation or enterprise within six months from the day referred to in the following: Provided, That the period for transfer may be extended up to six months with approval of the Minister of Trade, Industry and Energy where there is any unavoidable cause: <Newly Inserted on Jan. 27, 2016; Feb. 4, 2020>

1. Where he or she fails to comply with a corrective order issued under paragraph (5), the day on which the period for complying with such corrective order expires;
2. Where permission is revoked or registration is cancelled under Article 21 (4) 3, the day on which the permission is revoked or the registration is cancelled.

(7) Where a person who has introduced funds and capital goods into Korea for foreign investment fails to clear the capital goods through the customs or fails to take the custody thereof within the storage period prescribed by the Customs Act, the head of the customs office may sell them, as prescribed by Presidential Decree. <Amended on Jan. 27, 2016>

[This Article Wholly Amended on Jan. 30, 2009]

Article 29 (Examination and Confirmation of Introduced Capital Goods) (1) Where a foreign investor or a foreign-invested company introduces capital goods which meet the criteria prescribed by Presidential Decree, such as capital goods introduced into Korea under this Act which are subject to tax reduction or exemption, or goods, other than capital goods, which are introduced into Korea for foreign investment falling under Article 2 (1) 4 (c) and (e) (hereafter in this Article referred to as "capital goods, etc."), the investor or company may receive examination and confirmation of the introduced capital goods, etc. from the competent Minister. <Amended on Feb. 4, 2020>

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

[This Article Wholly Amended on Jan. 30, 2009]

Article 30 (Relationship to Other Statutes and International Treaties) (1) Except as otherwise

provided in this Act, matters concerning foreign exchanges and foreign trades shall be governed by the Foreign Exchange Transactions Act.

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

(3) Where a foreign investor makes an investment in kind with the capital goods defined under Article 2 (1) 8 (b), the certificate of completion of the investment in kind for which the Commissioner of the Korea Customs Service verified the implementation of the investment in kind and the type, volume, and price of the objects of the investment in kind, shall be deemed a written report of investigation by an investigator under the Article 299 of the Commercial Act, notwithstanding Article 299 of the same Act. The same shall also apply where he or she makes an investment in kind with the capital goods after he or she has established a company. <Amended on May 20, 2014>

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

(5) A national of the Republic of Korea or a Korean corporation or enterprise that intends to conduct a business jointly with a foreign investor who has filed a report to make a foreign investment by the method prescribed in Article 2 (1) 4 (a) (i) may designate the first day of each month as the re-evaluation day and re-evaluate the objects of the relevant investment, as prescribed in the Assets Revaluation Act, notwithstanding Article 4 of the Assets Revaluation Act. <Amended on Jan. 27, 2016; Feb. 4, 2020>

(6) Notwithstanding Article 8-2 (4) of the Monopoly Regulation and Fair Trade Act, a second-tier subsidiary of a general holding company may hold stocks of a joint stock corporation with a foreigner, where it meets all of the following requirements: <Newly Inserted on Jan. 10, 2014>

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

4. The second-tier subsidiary of the general holding company shall hold all the outstanding shares issued by such joint stock corporation, except those held by foreigners.

(7) Each second-tier subsidiary of a general holding company that intends to hold stocks of a joint stock corporation under paragraph (6) shall obtain approval from the Foreign Investment Committee. In such cases, the Minister of Trade, Industry and Energy shall submit the relevant case to the Fair Trade Commission for the prior deliberation of the requirements prescribed by Presidential Decree, including the joint stock corporation's business relevance with the second-tier subsidiary and the second-tier subsidiary's qualification to become a stakeholder in the joint stock corporation. <Newly Inserted on Jan. 10, 2014>

(8) "General holding company", "second-tier subsidiary", and "joint stock corporation" referred to in paragraphs (6) and (7) have the same meanings defined by the Monopoly Regulation and Fair Trade Act. <Newly Inserted on Jan. 10, 2014>

(9) None of the provisions of this Act shall be construed as amending or limiting any terms and conditions of international treaties the Republic of Korea has entered into and promulgated. <Newly Inserted on Jan. 10, 2014>

[This Article Wholly Amended on Jan. 30, 2009]

Article 30 (Relationship to Other Statutes and International Treaties) (1) Except as otherwise

provided in this Act, matters concerning foreign exchanges and foreign trades shall be governed by the Foreign Exchange Transactions Act.

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

(3) Where a foreign investor makes an investment in kind with the capital goods defined under Article 2 (1) 8 (b), the certificate of completion of the investment in kind for which the Commissioner of the Korea Customs Service verified the implementation of the investment in kind and the type, volume, and price of the objects of the investment in kind, shall be deemed a written report of investigation by an investigator under the Article 299 of the Commercial Act, notwithstanding Article 299 of the same Act. The same shall also apply where he or she makes an investment in kind with the capital goods after he or she has established a company. <Amended on May 20, 2014>

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

(5) A national of the Republic of Korea or a Korean corporation or enterprise that intends to conduct a business jointly with a foreign investor who has filed a report to make a foreign investment by the method prescribed in Article 2 (1) 4 (a) (i) may designate the first day of each month as the re-evaluation day and re-evaluate the objects of the relevant investment, as prescribed in the Assets Revaluation Act, notwithstanding Article 4 of the Assets Revaluation Act. <Amended on Jan. 27, 2016; Feb. 4, 2020>

(6) Notwithstanding Article 18 (4) 1 through 4 of the Monopoly Regulation and Fair Trade Act, a second-tier subsidiary of a general holding company may hold stocks of a joint stock corporation with a foreigner, where it meets all of the following requirements: <Newly Inserted on Jan. 10, 2014; Dec. 29, 2020>

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

(7) Each second-tier subsidiary of a general holding company that intends to hold stocks of a joint stock corporation under paragraph (6) shall obtain approval from the Foreign Investment Committee. In such cases, the Minister of Trade, Industry and Energy shall submit the relevant case to the Fair Trade Commission for the prior deliberation of the requirements prescribed by Presidential Decree, including the joint stock corporation's business relevance with the second-tier subsidiary and the second-tier subsidiary's qualification to become a stakeholder in the joint stock corporation. <Newly Inserted on Jan. 10, 2014>

(8) "General holding company", "second-tier subsidiary", and "joint stock corporation" referred to in paragraphs (6) and (7) have the same meanings defined by the Monopoly Regulation and Fair Trade Act. <Newly Inserted on Jan. 10, 2014>

(9) None of the provisions of this Act shall be construed as amending or limiting any terms and conditions of international treaties the Republic of Korea has entered into and promulgated. <Newly Inserted on Jan. 10, 2014>

[This Article Wholly Amended on Jan. 30, 2009]

[Enforcement Date: Dec. 30, 2021] Article 30

Article 31 (Delegation of Authority) The Minister of Trade, Industry and Energy, the competent Ministers, or the Mayors/Do Governors may, as prescribed by Presidential Decree, delegate or entrust part of his/her

authority vested under this Act to the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service, the president of the Korea Trade-Investment Promotion Agency, the heads of management agencies of foreign investment zones, and the heads of any foreign investment-related agencies prescribed by Presidential Decree. <Amended on Mar. 23, 2013>

[This Article Wholly Amended on Jan. 30, 2009]

CHAPTER VIII PENALTY PROVISIONS

Article 32 (Penalty Provisions) Any person who has transferred foreign currency funds illegally to a foreign country on the occasion of overseas remittance or foreign investment under this Act (including the representative in the case of a company) shall be punished by imprisonment with labor for not less than one year, or by a fine equivalent to at least twice but exceeding ten times the amount of the illegal transfer. In such cases, the foreign currency funds illegally transferred shall be confiscated, and if confiscation is not possible, the corresponding value shall be collected in lieu of such confiscation. <Amended on Jan. 27, 2016>

[This Article Wholly Amended on Jan. 30, 2009]

Article 33 (Penalty Provisions) Any person who fails to file for registration of alternation as prescribed in Article 21 (3) 2 shall be punished by imprisonment with labor for not more than five years, or by a fine not exceeding fifty million won. <Amended on Jan. 27, 2016>

[This Article Wholly Amended on Jan. 30, 2009]

Article 34 (Penalty Provisions) Any person who has submitted false documents with respect to permission or report under this Act shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 30 million won.

[This Article Wholly Amended on Jan. 30, 2009]

Article 35 (Penalty Provisions) Any of the following persons (including a representative in cases of a company) shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding 10 million won: <Amended on Apr. 5, 2010; Dec. 11, 2012; Jan. 27, 2016; Feb. 4, 2020>

1. A person who acquires stocks, etc. of a corporation running a defense industry company without permission, in violation of Article 6 (1);
2. A person who uses data received from the heads of relevant administrative agencies, etc. or confidential information he or she has become aware of in the course of performing duties for any purpose other than those prescribed by this Act, or divulges it to any third party, in violation of Article 15-2 (8);

3. A person who fails to take measures, such as a correction order issued under Article 28 (5).

[This Article Wholly Amended on Jan. 30, 2009]

Article 36 (Joint Penalty Provisions) If the representative of a corporation, or an agent, employee or worker of a corporation or individual has committed a violation falling under any of Articles 32 through 35 with reference to the business of the corporation or individual, not only shall the violator but also the corporation or individual be punished by a fine under the relevant provision: Provided, That where the corporation or individual has not neglected appropriate attention and supervision with regard to the business concerned in order to prevent such violation, this provision shall not apply.

[This Article Wholly Amended on Dec. 26, 2008]

Article 37 (Administrative Fines) (1) Any of the following persons shall be subject to an administrative fine of not more than 10 million won: <Amended on Jan. 27, 2016; Feb. 4, 2020>

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

(2) Administrative fines referred to in paragraph (1) shall be imposed and collected by the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree. <Amended on Mar. 23, 2013>

[This Article Wholly Amended on Jan. 30, 2009]