

## **Temporary Importation Regulations of Goods in Korea**

If VAT (10 percent) and tariff is applicable on a product and it is brought into Korea as temporary entry, Korean Customs will collect a collateral of the total due and will release this collateral only once the product has left Korea (usually after three months). Korea has three kinds of bonded areas where goods can temporarily enter Korea for storage, manufacture, processing, sale, construction, or exhibit without going through Customs clearance. The three types of bonded areas are: 1) designated bonded areas (designated storage sites and Customs inspection zones); 2) patent bonded areas (bonded warehouses, bonded factories, bonded exhibition sites, bonded construction sites, and bonded sales shops); 3) comprehensive bonded areas (all five activities of patent bonded areas can be performed comprehensively in the same place). Duties are payable only when goods are cleared through Customs.

The period for which goods may be stored in a designated bonded warehouse is six months and a patent bonded warehouse is one year. Storage fees are relatively high, and the availability of a bonded warehouse to maintain inventories is limited. The storage period does not apply to the storage of live animals or plants, perishable merchandise, or other commodities that may cause damage to other merchandise or to the warehouse. The Collector of Customs bears no responsibility for goods while they are stored in Customs facilities.

Comprehensive bonded areas have no time limit for storage. Hence, storage, manufacturing, processing, building, sales and exhibition can be comprehensively carried out. Exporters can store shipped goods and still maintain title until they are cleared through Customs. Korea's customs laws specify that any person who wishes to establish a bonded warehouse shall obtain a license from the director of each Customs Zone. Applications must include the name of the bonded warehouse, location, structure, numbers and sizes of buildings, storage capacity and types of products to be stored. In addition, articles of incorporation and corporate registration must be submitted, when applicable.

To learn more about Korea's Free Economic Zones, please visit <http://www.fez.go.kr/portal/en/main.do>.

Goods entering Korea for exhibition purposes must be stored in a bonded area. For example, the Korea Exhibition Center (COEX) is a bonded area. Exhibition goods will be held without charge at COEX during the exhibition period, after which they must be either: 1) reshipped directly out of Korea without payment of duty; 2) presented at Customs for payment of regular duty on value declared at time of entry; or 3) transferred to the Seoul Customs house bonded storage area. Goods stored in a bonded warehouse may incur storage costs, customs brokerage charges, local transportation costs and moving equipment fees.

Korean Customs has simplified clearance procedures for goods with particular purposes (samples, goods for warranty and non-warranty repair).

The ATA Carnet is an international customs document that a traveler may use to temporarily import certain goods into a country without having to engage in the customs formalities usually required for the importation of goods, and without having to pay duty or value-added taxes on the

goods. Korea allows for the temporary importation of commercial samples, professional equipment, and certain advertising materials by a non-resident individual. By definition, a temporary import is for six months or less. Therefore, a carnet is valid for a maximum of six months in Korea.