



SOUTH KOREA

South Korea - Civil law

★ [Incorporate Now](#)

📞 [Consultation](#)

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in South Korea

South Korea taxes

Want to setup a company? This will tell you about tax laws for a LLC which is the most common legal entity in South Korea.

South Korea taxes corporate worldwide income. The headline tax rate for offshore income, from our research, and your results may vary, is 24.20%. Korea doesn't have known exemptions to transfer in foreign earned profits. Corporate tax is progressive in Korea, 10% for the first KRW 200m taxable income, 20% for KRW 200m to 20b and 22% the rest. Plus a local tax of 1%, 2% and 2.2% respectively. South Korea ranks 102nd overall with regards to CIT globally.

The valued added tax rate in Korea is 10.00%, that ranks the country as 47th when compared to VAT globally. In terms of other taxation, an employer will contribute 9.26% to the equivalent of a social security fund and an employee will contribute 8.41%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 290hours. Contributing to this is the number of yearly labor tax payments, which is 27 in KR.

Thin capitalization mandates are officially enacted. Thin capitalisation refers to any sort of laws on given company with respect to debt-to-asset ratios.

Dividends received by a resident company from another resident company are taxable. However, a holding company may apply for several deductions of 100%, 80%, 50% and 30%, depending on the percentage of shares owned on the payer company. Dividends received from a foreign company are usually taxable, but recipient may be eligible for a foreign tax credit. Dividends are payments of earnings of the business, determined by the board of directors, to a particular class of shareholders. Dividends can be one of the following stock, cash, or property.

Capital Gains are usually included in taxable income and subject to corporate income tax standard rate. Capital gains from the disposal of non-business purpose land or houses may be subject to additional capital gains tax at the rate of 10% (40% in the case of non-registered land or houses) in addition to the CIT. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 22%. This means that interest payments to non-residents may be taxed at a 22% rate, except interest in bonds which are taxed at 15.4%. The dividends withholding tax rate is 22%. This means that the taxman expects entities to automatically withhold 22% of dividends paid to non-residents. The royalties withholding tax rate is 22%. Which means that the taxman expects LLC's to withhold 22% of royalties paid to non-residents. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in South Korea. There are inheritance, real property and transfer taxes in KR. We are aware of well known credits for innovation spend that include tax relief in Korea.

The above is not tax or legal advice for your particular situation. We can refer you to a tax advisor in South Korea who can answer all your questions. Want to work together? Click the free consultation button above.

The vat rate in South Korea is 10% which ranks 46 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 96 Tax treaties**
- 24.2% Offshore Tax**
- 24.2% Corp rate**
- Loss carryback years**
- 82 Corporate time**
- 10% VAT rate**
- 24.2% Capital gains**
- 2017 AEOI planned**

South Korea Legalese

The underlying legal code in South Korea is civil law law. You will want to get some local advice as to how to best structure a company in South Korea. Electronic signatures are permitted.

The letters KR is for South Korea and the most common company type structure in South Korea is a LLC.

The average time to incorporate is 2 Weeks to setup a LLC in KR. The types of cash you can use to setup your company is often any legal currency.

Yes, one is allowed to re-domicile a LLC from KR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in KR by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is encouraged, up to 100% of the total shareholding.

A LLC is only required to have one director. Additionally, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a legal services company which can receive any lawsuit papers on behalf of the company. However, a company secretary is also mandated by the government.

There is an obligation to file yearly tax returns. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think South Korea is a good option and have given it a score of 76 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 2 Weeks to form**



SOUTH KOREA

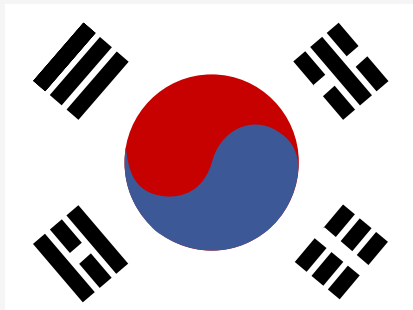
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☎ Consultation

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Country Info



🚩 National Flag of

한국 (kor)

\$ Currency

KRW

☎ Area Code

+82

🏰 Capital

Seoul

📍 Region

Eastern Asia

🗣 Native Languages

Korean