



# South Korea

This guide covers only the taxation of digital services. If you sell goods, this guide does not apply.

From 1st July 2015 when a foreign business operator supplies any electronic service (“e-service”) to the Republic of Korea (“Korea”), the e-services are deemed to be supplied within Korea (Article 53(2) of the Value Added Tax Act, Article 96(2) of the Value Added Tax Act, Article 66(2) of the Value Added Tax Act).

## VAT Standard rate

The standard VAT rate in South Korea in 2023 is 10%.

## VAT Reduced rate

There is no reduced rate established.

## Threshold

There is no minimum threshold.

## Pieces of evidence

South Korea has not set out how a supplier should verify the location of a consumer. Therefore, the service provider considers the residence address provided by the customer via the internet in addition to the country of issuance information stored in the credit card.

## E-services list

Electronic Service is a service that is operated by being stored in a mobile communication terminal device or a computer, or a service that can be used in real-time without being stored in any device. Provided, That those services shall be falling under any of the following subparagraphs.

Works with the shape of a sign, letter, voice, sound, or video that is created or processed in an optical or electronic form (e.g., game file, voice file, video file, electronic document, or software);

Works to improve electronic service falling under subparagraph 1.

## Registration procedure

A foreign taxpayer should access the NTS Hometax Website and apply for registration of business within 20 days from the first day of business.

### Requirements for Registration of Business

Name of the business operator or representative (where a corporate business operator carries on transactions under a different name, the transaction name shall be included), contact number, address, email address, and website address;  
Information related to the registration of business (e.g., registered country, address, registration number), type of the e-service, initiation date of e-service in Korea;  
Tax agent's name, resident number/tax registration number, contact number, email address(where a tax agent is hired);  
Account number (where a taxpayer opens an account at a financial institute or communications agency to receive a VAT refund).

A competent tax office issues a simplified registration of business numbers within 5 days of application after reviewing the information on an applicant (e.g., the existence of actual business, document omission). Then, the number will be notified to the taxpayer (including his/her tax agent) via email.

## VAT returns filing date

The VAT return must be submitted no later than the 25th date of the month following a reporting quarter on a quarterly basis.

## VAT payment date

The same date as for filling (see above).

VAT shall be paid to an account at a foreign exchange bank that the Commissioner of the Korea National Tax Service designates. Taxpayers(including his/her tax agent) will be informed of their VAT account number via email address. The information can be seen in the 'Basic Information of Simplified Business Operator' section.

In principle, VAT shall be paid in KRW. In case of being paid from abroad, taxpayers are allowed to pay VAT in USD by applying the current standard foreign exchange rate. Considering the required time to deliver a remittance, taxpayers shall pay their VAT 3 days earlier than the end date of the payment period.

## Penalties

A tax payment notice will be issued if the payment is not made by the due date. Where a taxpayer fails to make the payment by the due date, its penalty tax will be 3% of the unpaid tax. Where the taxpayer still fails to make the payment, a 1.2% penalty tax will be imposed every month.



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