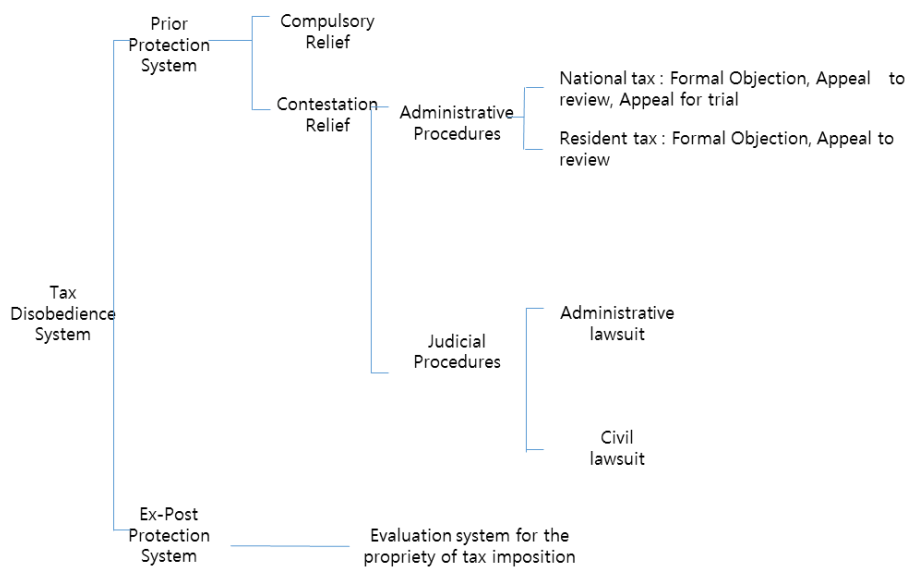


Overview of Tax Disobedience System in Korea

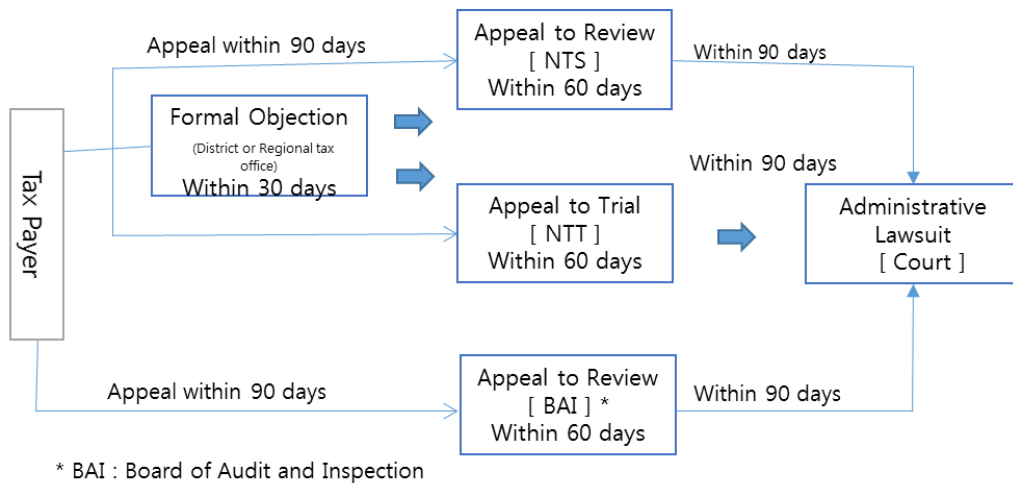
Generally to protect the taxpayers in Korea, Korean Tax Authority has a protection (or relief) system of rights with relation to the imposition of tax levy and collection for the national and resident tax. There are two different types of protection of right; prior protection system of right is the evaluation system for the propriety of tax imposition and Ex-Post protection systems of right are the administrative procedure and litigation which are a formal objection, appeal for review and appeal for trial.



Evaluation system for the propriety of tax imposition is the self-correction system which is evaluated by tax authority before the issuance of tax imposition notice. If tax authorities will impose the tax levy after the tax investigation or other reasons, in general tax authority will be noticed the taxable amount, calculation sheet and etc. in advance.

Administrative Appeal Procedure is that company is received the tax levy from the tax authority, company can appeal the tax levy to all of the tax authorities which can appeal the cancel or change of the tax levy.

- Formal Objection (Appeal) : appeal to the relevant district Tax Office or regional Tax Office
- Appeal to review : directly appeal to National Tax Service("NTS")
- Appeal to Trial : directly appeal to National Tax Tribunal("NTT")



Tax payers can be choose the appeal process as follows;

- First appeal to formal objection and then go to the appeal to review
- First choose the appeal to trial(NTS or NTT) without the formal objection
- First choose the appeal to trial(BAI) without the formal objection.

However, the administrative lawsuit is required to go through the administrative procedures and then appeal to law court because if it do not required the procedure, it may arise the massive tax lawsuit and the review is required the special knowledge.