# The Definition of the Overseas Financial Account Balance (Korea)

Sept 22, 2015

#### 1. Report of Overseas Financial Accounts

The Overseas Financial Account information is required to be reported to National Tax Service in Korea for Residents or Domestic Corporations holding an overseas financial account opened at an overseas financial company if the aggregate balance exceeds KRW One Billion for any last day of a month of the relevant year. Taxpayers subject to reporting should file the "Report of Foreign Financial Accounts" to the competent tax office during the period June 1 ~ June 30 of the following year.

## 2. Determination of Balance; exceeding KRW One Billion

The remaining balance of the account as of the last day of each month is to be computed by <u>summing the amounts</u> <u>calculated as to the assets of each overseas financial account</u> (including all accounts held during the entire period of the relevant year, including those with no transaction history or those closed during the relevant year) held by the person liable to report <u>after converting them respectively at the exchange rates (referring to a daily basic or arbitrated exchange rate under the Foreign Currency Exchange Transactions Act) of the relevant nominal currencies:</u>

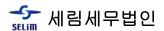
## 3. Report Value and Basic Date

When a sum of balances of the owned account converted into KRW as of the last day of each month reached the highest value during the relevant year, the reporting should be filed based on this date (fill the column ⑦, 'as of date' in the Report Form with this date). This means that the date with highest value in aggregated amount of balances should be considered as a basic date for reporting, not the each date with highest value for each accounts. Also the official exchange rate at the end of the attributable date should be used to convert to KRW, not the annual average exchange rate.

Example: (unit: KRW billion)

(emailment)					
Month	Bank Account 1	Bank Account 2	Stock 1	Total	
January	0.2	0.1	0.3	0.6	
February	0.5	0.1	0.5	1.1	
March	0.6	0.2	0.4	1.2	
April	0.3	0.2	0.6	1.1	
May	0.1	0.1	0.6	0.8	
June	0.2	0.1	0.7	1.0	
July	0.1	0.1	0.7	0.9	
August	0.2	0.2	0.7	1.1	
September	0.3	0.2	0.7	1.2	
October	0.5	0.2	0.7	1.4	
November	0.1	0.2	0.7	1.0	
December	0.3	0.1	0.8	1.2	





## 4. Conclusion

The balance of the account should <u>be reported in the aggregated amount of the value of the assets on the last day of each relevant month</u> (fill the column ®, 'the highest value (KRW)' in the Report Form with this value)

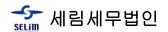
## Calculation Method for Each Classified Assets in Overseas Financial Accounts;

1.	Cash	Remaining B	Remaining Balance *		
	Stocks listed on the securities exchange or on the overseas securities exchanges similar thereto  Bonds listed on the securities exchange	Quantity *	representation from the immediately preceding transaction date, if the last day of each relevant month is not a transaction day)		
4.	Collective investment securities or foreign collective investment securities similar thereto	Quantity *	Χ	Base Price *  (redemption price as of the last day of each relevant month or base price on the most closest date before the last day of each relevant month, if no base price on the last day of each relevant month exists)	
5.	Insurance products or foreign insurance products similar thereto	Amount Paid *			
6.	Assets other than those listed above	Quantity *	Χ	Market Price * (acquisition price, if calculating the market price is impracticable).	

Note) \*: as of the closing hour of the last date of each relevant month

Encls: Overseas Financial Account Report Form

(Reference: 해외금융계좌신고시잔액의정의 \ 외국인투자기업의업무사례 \ 신고&세무실무)



#### The Relative Statute

#### ENFORCEMENT DECREE OF THE ADJUSTMENT OF INTERNATIONAL TAXES ACT

Article 50 (Standards, etc. for Determination of Persons Liable to Report)

. . .

- (2) The remaining balance of the account of a person liable to report under Article 34 (1) of the Act (hereinafter referred to as "person liable to report") as of the last day of each month shall be computed by summing the amounts calculated according to the following classifications as to the assets of each overseas financial account (including all accounts held during the entire period of the relevant year, including those with no transaction history or those closed during the relevant year, and excluding the financial account for insurance products under the Insurance Business Act or foreign insurance products similar thereto of which net insurance premium is consisted only with risk insurance premium) held by the person liable to report after converting them respectively at the exchange rates (referring to a daily basic or arbitrated exchange rate under the Foreign Currency Exchange Transactions Act) of the relevant nominal currencies: <a href="mailto:smaller:smal
  - 1. Cash: Remaining balance as of the closing hour of the last day of each relevant month
  - 2. Stocks listed on the securities exchange under the <u>Financial Investment Services and Capital Markets Act</u> or on the overseas securities exchanges similar thereto, and depository receipts issued on the basis of such stocks: Quantity as of the closing hour of the last date of each relevant month × final price on the last day of each relevant month (final price on the immediately preceding transaction date, if the last day of each relevant month is not a transaction day);
  - 3. Bonds listed on the securities exchange under the <u>Financial Investment Services and Capital Markets Act</u> or on the overseas securities exchange similar thereto: Quantity as of the closing hour of the last day of each relevant month × final price on the last day of each relevant month (final price on the immediately preceding transaction date, if the last day of each relevant month is not a transaction day):
  - 4. Collective investment securities under the <u>Financial Investment Services and Capital Markets Act</u> or foreign collective investment securities similar thereto: Quantity as of the closing hour of the last day of each relevant month × base price on the last day of each relevant month (redemption price as of the last day of each relevant month or base price on the most closest date before the last day of each relevant month, if no base price on the last day of each relevant month exists;
  - 5. Insurance products under the <u>Insurance Business Act</u> or foreign insurance products similar thereto: Amount paid as of the closing hour of the last day of each relevant month;
  - 6. Assets other than those listed in subparagraphs 1 through 5: Quantity as of the closing hour of the last day of each relevant month × market price on the last day of each relevant month (acquisition price, if calculating the market price is impracticable).

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