

Report Obligation on the Overseas Subsidiaries and Fines for reporting Negligence

Nov. 30, 2015

1. Overview

The follow-up action on the investment report which is made to the president of foreign exchange bank on the establishment of the overseas subsidiaries or acquisition of real estate will be reviewed here.

2. Objects and Reporting Details

(1) Objects of Reporting

Domestic corporations and residents who made the overseas direct investment as per the Article 3-1-18 of "Foreign Exchange Transactions Act" in Korea or who acquired the Real Estate in a foreign country or any rights related thereto among the capital transactions listed in the Article 3-1-19 of the same Act.

(2) Reporting Details

- ① detailed statement of the overseas direct investment
- ② the financial conditions of the invested foreign corporation for the overseas direct investment
- ③ the transaction of loss on the domestic corporation of the overseas direct investment
- ④ the transaction of loss of the invested foreign corporation for the overseas direct investment
- ⑤ the current status of overseas branch office
- ⑥ detailed statement for the overseas real estate

(3) Deadline of Reporting

- Corporation; within 3 months from the end date of the month in which the end date of each business year falls
- Individual; May 31 of the following year of the relevant taxable period

3. Fines for Reporting Negligence and the Timing of Application

(1) Overseas Direct Investment:

- ① Fines for Reporting Negligence : the amount not exceeding one million won is to be fined
- ② Timing of Application : for corporation, the period 2010 and after and for individual, the period 2014 and after is to be applied

(2) Overseas Real Estate:

- ① Fines for Reporting Negligence : the amount up to 1% of the acquisition amount (not exceeding five million won) is to be fined
- ② Timing of Application : for both corporation and individual, the period 2014 and after is to be applied

※ provided that it is not reported for 2014, the amount up to one million won is to be fined

Article 121-2 of Corporate Tax Act / Article 165-2 of Income Tax Act (**Obligation to Submit Data on Overseas Subsidiaries**)

Article 121-3 of Corporate Tax Act / Article 165-3 of Income Tax Act (**Sanctions against Non-Performance of Obligation to Submit Data on Overseas Subsidiaries**)

(Reference: 해외직접투자에 따른 보고의무 및 과태료 \ 외국인투자기업의업무사례 \ 신고&세무실무)