

Corporate Tax Interim Payment in Korea

Sep. 1, 2015

1. Interim Payment of Corporate Tax

A domestic corporation with a business year exceeding six months shall set a period of six months from the start date of the relevant business year as the interim prepayment period, and shall pay the amount computed by multiplying six by the amount computed by dividing the amount of tax determined as corporate tax for the business year immediately preceding the relevant business year less the following amounts by the number of months in the immediately preceding business year within two months after expiration of the interim prepayment period at the tax office having jurisdiction over the place of tax payment

2. Tax Liability for the Interim Payment

All domestic corporations are liable to pay interim tax excluding the cases,

- the first business year after a corporation newly established without a merger of division
- no income was made during the Interim Corporate tax period due to suspension of business, etc.
- the corporation is in the process of liquidation
- the each period of the business year is 6 months or less than 6 months

3. Calculation of the Interim Tax

The domestic corporation which has no calculated amount of tax determined as corporate tax in the immediately preceding business year or where its amount of corporate tax for the immediately preceding business year is not determined by the end date of the relevant interim prepayment period, or where a corporation established through a division or a counterpart corporation to a division and merger starts the first business year after such division, such corporation shall compute interim tax and pay it with deducting the following amounts from the amount of corporate tax calculated by applying the tax rates on the tax base as required by Corporate tax law in Korea.

- The amount of corporate tax reduced and exempted in the business year immediately preceding the relevant business year (excluding the amount deducted from income);
- The amount of withholding tax paid as corporate tax in the business year immediately preceding the relevant business year;
- The amount of occasionally imposed corporate tax paid in the business year immediately preceding the relevant business year.

Where the head of the tax office having jurisdiction over the place of tax payment deems it necessary, the interim tax could be determined for the relevant business year, not exceeding the amount of corporate tax for the immediately preceding business year of the relevant corporation, the amount of the relevant interim tax divided by six and multiplied by the number of months in the relevant business year.

4. Installment Payment of Interim Tax

Where the amount of tax payable by a domestic corporation exceeds 10,000,000 won, it may be paid in installments (up to 1 month for general size enterprise and 2 months for small and medium size enterprise)

(Reference: No.5, 기납부세액 1(중간예납) \ 법인세 신고업무 \ 신고&세무실무,