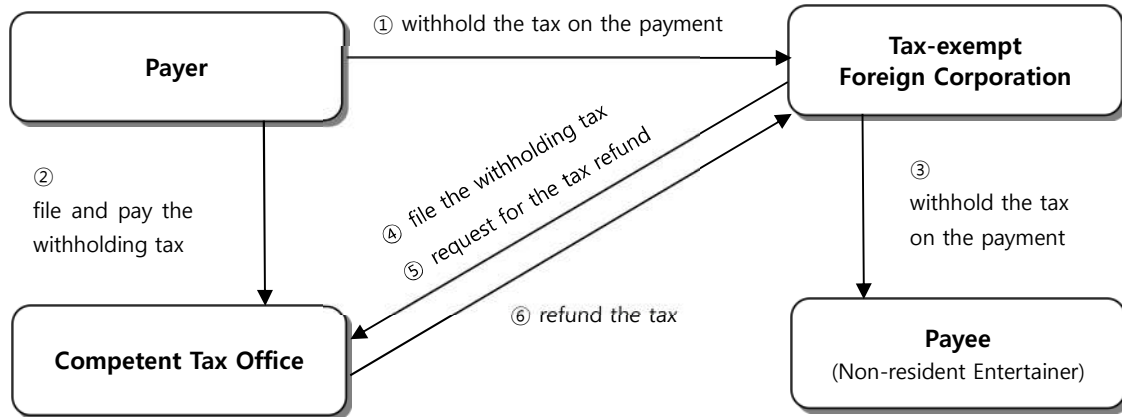


Tax Withholding on the Services Rendered by Non-resident Entertainers

Sept. 7, 2015



- ① When the remuneration or consideration for the service rendered by Non-resident entertainer is to be paid to the Tax-exempt Foreign Corporation for an entertainer, etc., the Payer should withhold 20% of tax from the payment amount.
* Tax-exempt Foreign Corporation for an entertainer, etc.: A Foreign Corporation who is not taxed in Korea for reasons, such as it has no regular place of business or does not belong to a regular place of business, etc. as per a tax treaty.
- ② The tax withheld by a Payer on the remuneration or consideration paid to the Tax-exempt Foreign Corporation for an entertainer, etc. should be filed and paid by Payer to the competent regional tax office by 10th of the following month of the payment.
- ③ The Tax-exempt Foreign Corporation for an entertainer, etc. should withhold the 20% of the service income (including personal service income or wage/salary income or other income) when the Corporation pays to the Non-resident entertainer, etc. on his/her service rendered in Korea.
* Non-resident public entertainer, etc.: Non-resident entertainer or sportsman
- ④ The tax withheld by the Tax-exempt Foreign Corporation for an entertainer, etc. on the remuneration or consideration paid to an entertainer, etc. should be filed by the Tax-exempt Foreign Corporation for an entertainer, etc. to the competent tax office by 10th of the following month of the payment
- ⑤ The Tax-exempt Foreign Corporation for an entertainer, etc. may apply for a refund of the difference to the competent tax office in case the withholding tax amount as per the process described in articles ① & ② above is larger than the one in ③ & ④.
- ⑥ The different tax amount, if any, with an additional amount on the tax refund is to be paid to the Tax-exempt Foreign Corporation for an entertainer, etc. by the competent tax office when it is verified.

(Tax Treaty Commentary 156-5-0-1 Special Cases concerning Tax Withholding Procedures Related to the Services Rendered by Non-resident entertainers)

INCOME TAX ACT in Korea

Article 156-5

(Special Cases concerning Tax Withholding Procedures Related to Services Rendered by Nonresident Entertainers)

- (1) With regard to remuneration or consideration which a nonresident entertainer or sportsman (hereafter referred to as "nonresident entertainer, etc." in this Article) receives for his/her service rendered in the Republic of Korea (including subparagraphs 6, 7, and 12 of Article 119; hereafter the same shall apply in this Article), any person who pays remuneration or consideration for services rendered by a nonresident entertainer, etc. in the Republic of Korea to a foreign corporation (hereafter referred to as "tax-exempt foreign corporation for an entertainer, etc." in this Article) who is not taxed for reasons, such as it has no regular place of business or does not belong to a regular place of business, etc. notwithstanding a tax treaty, he/she shall withhold the amount equivalent to 20/100 of such amount paid and then pay to the competent tax office, the Bank of Korea, or a postal service office, as prescribed by Presidential Decree, by the tenth day of the month following the month in which the date when such withholding tax is deducted falls.
- (2) Notwithstanding Article 156 (1), when a tax-exempt foreign corporation for an entertainer, etc. pays remuneration or consideration for services rendered by a nonresident entertainer, etc., it shall withhold the amount equivalent to 20/100 of such amount paid as income tax on the recipient of domestic source income and pay such amount to the competent tax office, the Bank of Korea, or a postal service office, as prescribed by Presidential Decree, by the tenth day of the month following the month in which the date of such withholding falls. In such cases, where any person who pays consideration to a tax-exempt foreign corporation for an entertainer, etc. for services rendered by a nonresident entertainer, etc. in the Republic of Korea has paid income tax withheld pursuant to paragraph (1), such income tax shall be deemed to have been paid within the limit of such amount paid.
- (3) Where the amount withheld and paid pursuant to paragraph (1) is larger than that pursuant to paragraph (2), a tax-free foreign corporation for an entertainer, etc. may apply for a refund of such difference to the head of the competent tax office, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9897, Dec. 31, 2009]