

# Korea Announces 2023 Tax Law Amendment Proposals

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The Korean Ministry of Economy and Finance has announced the 2023 tax law amendment proposals that include deferring the Undertaxed Payment Rule (UTPR) implementation to 1 January 2025, expanding the scope of technologies eligible for research and development (R&D) tax credits, extending the concessional flat tax rate for foreign employees, strengthening some anti-avoidance provisions and several other changes in relation to international taxation.

The key proposed changes are as follows:

- deferring the implementation of the UTPR (see [Korea Proposes to Defer Implementation of Global Minimum Tax Backstop Rule to 2025, Expand R&D Tax Credits \(4 August 2023\)](#));
- expanding the scope of technologies eligible for R&D tax credits (see [Korea Proposes to Defer Implementation of Global Minimum Tax Backstop Rule to 2025, Expand R&D Tax Credits \(4 August 2023\)](#));
- extending the application timeline for the concessional flat tax rate available to foreign employees (see [Korea Proposes to Extend Timeline for Foreign Employees to Apply for Concessional Tax Rate, Strengthen Reporting Requirements for Foreign Stock-based Compensation \(4 August 2023\)](#));
- requiring the reporting of foreign stock-based compensation provided to employees (see [Korea Proposes to Extend Timeline for Foreign Employees to Apply for Concessional Tax Rate, Strengthen Reporting Requirements for Foreign Stock-based Compensation \(4 August 2023\)](#));
- shortening the deadline for submission of local files and master files (see [Korea Proposes to Shorten Deadline for Submitting Local and Master Files, Impose Penalties for Late VAT Registration by Foreign Electronic Service Suppliers \(4 August 2023\)](#));
- imposing penalties on foreign electronic service suppliers for failure to register for value added tax (see [Korea Proposes to Shorten Deadline for Submitting Local and Master Files, Impose Penalties for Late VAT Registration by Foreign Electronic Service Suppliers \(4 August 2023\)](#));
- granting special taxation for omnibus accounts used by foreign investors (see [Korea Proposes Special Taxation of Foreign Investors' Omnibus Accounts, Formation of Tax Treaty Implementation Committee \(4 August 2023\)](#)); and
- forming a consultative committee for tax treaty implementation (see [Korea Proposes Special Taxation of Foreign Investors' Omnibus Accounts, Formation of Tax Treaty Implementation Committee \(4 August 2023\)](#)).

The proposals were announced on 27 July 2023 and are subject to approval by the National Assembly.

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