Korea (Rep.)

Korea Implements 2023 Tax Law Amendments

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The 2023 tax law amendment proposals (*see* Korea Announces 2023 Tax Law Amendment Proposals (4 August 2023)) have been formally implemented in the Korean tax laws and became effective from 1 January 2024.

The two notable changes from the amendments proposed and implemented in the tax laws in respect of the international tax law are set out below.

Law for Coordination of International Tax Affairs (LCITA)

In the final amendment implemented into the LCITA, the due date for the submission of local files and master files remains unchanged (i.e. 12 months after the end of the fiscal year).

The Korean Ministry of Economy and Finance (MOEF) had initially proposed to shorten the due date for submission of local files and master files from within 12 months after the end of the fiscal year to 6 months after the end of the fiscal year (*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)).

Tax Preferential Control Act (TPCA)

The final amendment implemented into the TPCA provides that only foreign employees who start working in Korea on or before 31 December 2026 can apply the concessional flat tax rate of 19% for 20 years.

The MOEF had originally proposed to extend the timeline for the application of the concessional flat tax rate for foreign employees such that foreign employees who start to work in the Korea Rep. on or before 31 December 2028 can apply the concessional flat tax rate of 19% for 20 years (*see* Korea Proposes to Extend Timeline for Foreign Employees to Apply for Concessional Tax Rate, Strengthen Reporting Requirements for Foreign Stock-based Compensation, Increase Personal Reliefs (4 August 2023)).