Example of exclusion from calculation of deemed dividend amount for domestic users ❶ Domestic corporation (A) Domestic corporation (B) Country C corporation Specific foreign corporation - When the above investment relationship exists, the dividendable retained income of a specific foreign corporation is deemed to have been distributed to the domestic corporation ‘B’ and does not apply to ‘A’. \* Prerequisite: Domestic corporation (B) is a domestic citizen under Article 27 of the National Tax Service Act. ❷ Domestic corporation (B) Specific foreign corporation 100% 40% 60% Domestic corporation (A) - Dividend income of domestic corporations ‘A’ and ‘B’ (assuming the dividendable retained income of a specific foreign corporation is $100,000) ･ In case of domestic corporation (A): $100,000 x 60% = $60,000 ･ In case of domestic corporation (B): $100,000 x 40% = $40,000 - Just because a domestic corporation ‘A’ owns ‘B’, the deemed dividend amount of ‘B’ is not regarded as the deemed dividend amount of ‘A’