
Summary Income Statement of a Foreign Related Party

This is to notify that under Article 6 (2) of the Enforcement Rule on the Law for the Coordination of International Tax Affairs, taxpayers are required to submit a summary income statement when filing income tax returns.

February 9, 2007

Commissioner

National Tax Service of the Republic of Korea

When filing income tax returns under Articles 70-74 of the Income Tax Law, and Article 60 (1) of the Corporation Tax Law, "residents, companies both Korean and foreign, and PEs in Korea owned by non-residents" are required to provide a condensed income statement of its foreign related party/parties (which include overseas headquarters of PEs in Korea as well as PEs in other countries of the said headquarters).

However, submission of the above income statement may be waived when:

- (1) The value of the international transaction (i.e., the sum of purchases and sales) that occurred with a foreign related party is less than 1 billion KRW, and when the personal services portion, both rendered and received, of the value accounts for less than 100 million KRW; or
- (2) The foreign subsidiary's business profile and abridged financial statement have been submitted.

Attachment】Condensed Income Statement of a Foreign Related Party

Appendix

Article 1 (Date of Enforcement) This Notice shall enter into force on the date of the notification.

Article 2 (General Application) This Notice shall apply to all tax returns filed after the date of enforcement.

Article 3 (Abolition of Previous Notification) With the enforcement of this Notice, the previous Notice (NTS Notice No. 2005-1, January 11, 2005) shall be abolished.