

A User Guide on the Enforcement of Certification Program on Disclosure of Transfers of Real Estates, Etc., by Korean Nationals Residing Abroad and Aliens



Dial 126

(without area code) for tax-related questions.
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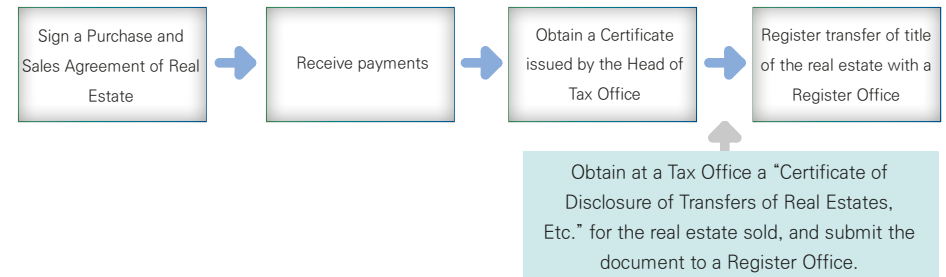
Operating hours:
09:00-18:00,
Monday-Friday (KST)

Beginning from July 1, 2020, where a nonresident, such as a Korean national residing abroad or an alien, transfers real estate, he or she must obtain a "Certificate of Disclosure of Transfers of Real Estates, Etc.", issued by the Head of Tax Office, and submit it to the Head of Register Office.

Certification Program on Disclosure of Transfers of Real Estates, Etc., by Korean Nationals Residing Abroad and Aliens

Overview

Beginning from July 1, 2020 (hereinafter, the "enforcement date"), where a nonresident, such as a Korean national residing abroad or an alien, transfers a piece of land or a building (as provided in Article 1(1) of the Income Tax Act) and registers his or her ownership of the property, he or she is required to submit a "Certificate of Disclosure of Transfers of Real Estates, Etc." (hereinafter, the "Certificate"), issued by the Head of Tax Office, to the Head of Register Office. (Article 108 of the Income Tax Act)



Who is required to obtain and submit the Certificate?

Korean nationals residing abroad (as provided in Article 2(1) of Act on the Immigration and Legal Status of Overseas Koreans) and aliens (as provided in Article 2(2) of the Immigration Act) who transfers real estate on or following the enforcement date, are required to obtain and submit the Certificate. Notwithstanding the preceding line, a Korean national residing abroad who has obtained verification of the Form Annex#13 by the Head of Tax Office as provided in Article 13(3) of the Enforcement Decree of the Certification of Seal Imprint Act, in order to obtain a certificate of seal imprint for the purpose of real estate transfers, is exempt from the Certificate issuance and filing requirements.

If I am subject to the Certificate issuance requirements, where can I have my Certificate issued and what is the processing period?

You can obtain a Certificate by submitting your Certificate application to any of the District Tax Offices in the country. Once all the information in the application is verified to be correct, the Office shall issue immediately the Certificate.

What are the documents that I need to bring with me to a District Tax Office to obtain the Certificate?

You need to submit an application form for the Certificate with a "Report of Tax Base of Capital Gains and Computation of the Tax Amount Due" Form attached to it.

FAQ on the Certification Program

Q1 Who is required to submit the Certificate of Disclosure of Transfers of Real Estates, Etc.?

A Korean nationals residing abroad as provided in Article 2(1) of the Act on the Immigration and Legal Status of Overseas Koreans, and aliens as provided in Article 2(2) of the Immigration Act, who transfer real estate on or following July 1, 2020, are required to submit the Certificate.

Below are excerpts of the relevant provisions:

(a) Article 2 of the Act on the Immigration and Legal Status of Overseas Koreans:

The term "overseas Korean" in this Act means a person who falls under any of the following subparagraphs:

1. A national of the Republic of Korea who has acquired the right of permanent residence in a foreign country or is residing in a foreign country with a view to living there permanently (hereinafter referred to as a "Korean national residing abroad");
(omitted)

(b) Article 2 of the Immigration Act:

The terms used in this Act shall be defined as follows:
(omitted)

2. The term "alien" means any person who is not a national of the Republic of Korea:

Q2 Which type of assets transferred will be subject to submission requirements for the Certificate of Disclosure of Transfers of Real Estates, Etc.?

A If you transfer any of the assets covered under Article 94(1)1 of the Income Tax Act on or following the enforcement date, you will be required to submit the Certificate.

Below is an excerpt of the relevant provision:

(a) Article 94 of the Income Tax Act:

- (1) Capital gains shall consist of the following incomes generated during the relevant taxable period:
 1. Income generated from transferring land (referring to land falling under the land category subject to registration in the cadastral register under the Act on the Establishment, Management, etc. of Spatial Data) or a building (including facilities and structures annexed thereto);
(omitted)

FAQ on the Certification Program

Q3 If I am a Korean national residing abroad and have obtained verification of the Form Annex#13 by the Head of Tax Office, am I still required to submit the Certificate?

A If you have obtained verification of the Head of Tax Office as provided in Article 13(3) of the Enforcement Decree of the Certification of Seal Imprint Act, you are not required to submit the Certificate.

Below is an excerpt of the relevant provision:

(a) Article 13 of the Enforcement Decree of the Certification of Seal Imprint Act:

(omitted)

- (3) ...Provided, That, if a Korean national residing abroad intends to obtain a certificate of seal imprint for the sale of real estate, he/she shall state the category and location of the real estate to be transferred in the verification column by the head of a tax office in attached Form 13 and shall have the form verified by the head of the tax office having jurisdiction over the seat of the competent certification agency or the location of the real estate.
(omitted)

Q4 To which District Tax Office shall I submit my application for the Certificate?

A You may submit your application to any of the District Tax Offices in Korea

Q5 What is the processing time of my application?

A Once an application is submitted to a District Tax Office, the Office shall enter the information in the application into a "Certificate of Disclosure of Transfer of Real Estates, Etc., Issuance Ledger" and issue the Certificate immediately.

※ Please note the following due dates for filing preliminary returns of capital gain tax and payments of the corresponding taxes:

- For incomes realized from real estates, etc.: 2 months from the last day of the month in which the asset was transferred.
- For incomes realized from stocks: 2 months from the last day of June if the stocks were transferred in the first half of the year, or 2 months from the last day of December if otherwise.