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Korea

# **Korean e-Tax Invoices**

Issuance, Transmission and Content

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## Issuance, Transmission and Content

### What is e-Tax?

In 2011, Korea introduced an electronic tax invoice system (e-Tax), making the electronic issuance of VAT invoices mandatory for Korean companies. This tax invoice system reduces accounting costs by enabling the online issuance and distribution of eVAT invoices and their web-based transmission to the Korean tax authority, the National Tax Service (NTS).

Issuance and Transmission

### Issuance and Transmission

#### Options of Issuance

Companies have various options for issuing eVAT invoices online:

- ◆ With the free service of eSero via [www.esero.go.kr](http://www.esero.go.kr).
- ◆ Via an Application Service Provider (ASP) at one's own expense
- ◆ By embedding the issuance and transfer to the ERP system used

There is also the option to issue VAT invoices offline by using the AVRS phone service or by visiting the local tax office.

### Preparation

To use an online eTax invoice system (eSero, ASP, ERP), the supplier (invoice issuer) requires an authenticated digital certificate. Furthermore – prior to the actual issuance – a copy of the tax registration certificate (business registration) of the client (invoice addressee) as well as the e-mail address of the supplied party's person responsible for VAT is required in order to create the issued tax invoice.

## Time of Issuance

Tax invoices should be issued **at the time of delivery of goods or services** to the customer. Once an eVAT invoice has been issued and distributed, a revision is only possible in exceptional cases, as defined by the relevant Presidential Decree.

There are, however, special cases with regards to the time of supply for goods or services and the issuance of tax invoices respectively:

1. Supplier **receives payment and issues tax invoice** prior to the delivery of goods or services – the invoice date shall be deemed the date of supply for goods or services.
2. Supplier **issues a tax invoice prior to the delivery** of goods or services. The customer may pay the invoice within seven days of issuance – the invoice date shall be deemed the date of supply for goods or services.
3. If a supplier delivers goods or services in installments, the invoice date shall be deemed the date of supply for goods or services.

Suppliers may issue tax invoices prior the supply of the goods or services or on the day of delivery. They also have the possibility to **choose the time of issuance until the 10th day of the following month** (at the latest). The issuance of an eVAT invoice is considered completed once the eVAT invoice file has been sent to the customer.

## Transmission

The transmission of an eVAT invoice to the NTS should follow immediately after its issuance. However, issued eVAT invoices may also be summarized and transferred monthly – by the 10th of the following month at the latest (if the 10th is a Saturday or public holiday, by the next working day).

## Penalty on unissued, non- or delayed transmitted Tax Invoices

In the event that the supplier does not issue a tax invoice or issues another form (i.e. tax invoice in paper form), a penalty of 2% of the value of the delivery must be paid by both contracting parties. If the supplier fails to send an issued eVAT invoice to NTS by the 10th of the following month at the latest, a penalty of 1% of the delivery value will be imposed.

## Actual Issuance

The table below gives an overview of the fields in the VAT invoice that are mandatory to be filled out as well as those which are optional.

Mandatory information	1. Tax number, name of the supplying party 2. Tax number of the supplied party (ID number or resident registration number if the supplied party is no business person or a non-registered business person) 3. Value of supply, Value Added Tax Amount 4. Date of preparation
Optional information	1. Address of supplying party 2. Company name, name, address of supplied party 3. Item supplied 4. Unit price and quantity 5. Date of delivery and other considerations

## Sample Tax Invoice

전자세금계산서										승인번호		Authorization Number	
Supplying Party	등록번호	Tax number				등록번호	Tax number				Supplied Party		
	상호 (법인명)	Company name	성명	Name	인	상호 (법인명)	Company Name	성명	Name	인			
	사업장 주소	Address				사업장 주소	Address						
	업태	Business Type	종목			업태	Business Type	종목					
Date of Delivery	작성	공급가액				세액	비고						
	년 월 일	공관수	백	십	억	천	백	십	만	천	백	십	일
	Date (preparation)				Value of Delivery				VAT Amount				
	월	일	품목	규격	수량	단가	공급가액	세액	비고				
			Item supplied		Quantity	Item Price	Total Price	VAT					
합계금액		현금	수표	어음	외상미수금	이 금액을 청구함							
Total Amount		Cash	Check	Notes	Receivable								

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