

# Type of Business entities for foreign investment

How foreigners can do Business in Korea



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## Investing in South Korea: How foreigners can do Business in Korea

South Korea stands as a beacon of economic growth and technological innovation in East Asia. For foreign investors and corporations, the country offers a wealth of opportunities across various sectors.

Whether you're understanding the unique investment methods and their differences is crucial for making informed decisions. This article will guide looking to invest in cutting-edge technology, real estate, or the vibrant stock market, you through the investment options available in South Korea and highlight the key differences to help you navigate this dynamic market effectively.

### Ways for Foreigners to Enter the South Korea Business

	Foreign-invested company	Branch	Liaison Office
Governing law	Foreign Investment Promotion Act	Foreign Exchange Transaction Act	
Corporation type	Domestic Corporation	Foreign Corporation	Foreign Corporation
Foreign Direct Investment	Y	N	N
Corporation Name	No restriction	Same business name as the headquarters	Same business name as the headquarters
Scope of Business Activities	No restrictions within the scope of approval	It must be the same as the headquarters' operations and within the scope of approval	Not allowed to engage in profit-generating activities, Limited to non-sales tasks like market research and publicity.
Minimum investment amount	KRW 100 million*	NA	NA
Legal Responsibilities	Confined to the local entity	Extend to headquarters	Extend to headquarters
Independence	Legally independence	Subordinate to the headquarters	Subordinate to the headquarters
Corporate Tax Obligations	Y	Y	NA
Taxable Income Amount	Consolidation of all domestic and international revenues generated by the local entity	Consolidation of domestic source income by the branch. Payment of branch tax in certain countries	NA

\* Even if a foreigner invests less than KRW 100 million, it is possible to establish a corporation. However, in this case, it does not qualify as a foreign-invested company and is subject to securities acquisition reporting under the Foreign Exchange Transactions Act

## Steps to Establish a Foreign-invested company

### 1. Foreign Investment Notification

Foreign investors must notify their investment by submitting the required documents to a designated foreign exchange bank or KOTRA (Korea Trade-Investment Promotion Agency). This includes the Foreign Investment Notification Form, passport copies, and proof of the foreign entity's existence.

### 2. Fund Transfer

Once the investment notification is completed, the investor can transfer funds to a virtual account set up for foreign currency deposits. The funds are then transferred to the capital deposit account of the receiving entity.

### 3. Corporate Registration

The next step is to register the corporation. This involves preparing and submitting documents such as the Articles of Incorporation, shareholder meeting minutes, director consent forms, and a bank certificate of deposit.

### 4. Business Registration

After the corporation is registered, the business must be registered with the local tax office. This includes submitting the business registration application along with necessary documents like the lease agreement for the office space.

### 5. Foreign-Invested Enterprise Registration

Finally, the foreign-invested enterprise must be registered. This involves submitting the Foreign-Invested Enterprise Registration Application, business registration certificate, corporate registration certificate, shareholder list, and foreign exchange purchase certificate.

### For Foreign Investors Looking to Operate in Korea,

After successfully establishing a business entity and getting operations up and running in Korea, you'll inevitably face various accounting and tax requirements. ABK's diverse services can significantly improve operational efficiency and ensure compliance with local regulations.

We specialize in offering tailored services to meet the needs of foreign investors, assisting you with everything from bookkeeping to financial reporting, year-end tax settlements and filing.

If you ever need assistance or have any questions, please don't hesitate to reach out. We are committed to providing the best support and ensuring your business operates smoothly in Korea.

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