



**Samjong KPMG**  
**Highlights for 2023 Korea Tax Reform**  
**January 2023**

**Focus on**

## Highlights for Korean Tax Reform for 2023

### I . Introduction

On July 21, 2022, the Ministry of Economy and Finance (MOEF) announced tax reform proposals (“Tax Reform Proposal”) for 2023, which was submitted to the National Assembly on September 1, 2022. On December 23, 2022, the National Assembly approved the tax reform for 2023 (“Tax Reform for 2022”) and most of the approved tax law amendments will become effective from January 1, 2023, unless otherwise specified.

In the following table, we summarized major changes between the Tax Reform Proposal submitted in September and the Final Tax Reform for 2023 approved by the National Assembly.

Item	Tax Reform Proposal Announced on Jul 21, 2022	Final Tax reform Approved on Dec 23, 2022
Change in Corporate Income Tax (“CIT”) Rates	Elimination of the highest tax rate bracket (25%)	Maintain the current tax bracket and reduce CIT rate by 1% for each taxable income bracket
Accumulated Earnings Reserve Tax	Expiration of accumulated earnings reserve tax	Extend sunset date of accumulated earnings reserve tax and limit the application of the tax to companies belonging to business groups subject to restrictions on cross-shareholdings.
Application of Flat Income Tax Rate to Foreign Employees	Expiration of application of flat income tax rate	Extended application period of flat income tax rate to 20 years and deletion of sunset date



## II. Highlights of Tax Law Amendment

In this newsletter, we summarized major contents of Tax Reform for 2023 which may have an impact to our clients as provided below.

### Change in CIT Rates

The CIT rates for the current taxable income bracket are reduced by 1%, respectively:

Taxable Base (KRW m)	Current rate	Amened rate
Up to 200	10%	9%
200 – 20,000	20%	19%
20,000 – 300,000	22%	21%
Above 300,000	25%	24%

[Effective Date] The amendment will take effect for fiscal years starting on or after January 1, 2023.

### Income Exclusion of Dividend Received from Foreign Subsidiary

Under the current Korean Corporate Income Tax Law (“CITL”), a domestic company would have to include dividends received from foreign subsidiary in its taxable income, subject to a normal CIT rate while it may claim a foreign tax credit for foreign tax paid overseas to the extent of a tax deduction limit. The Tax Reform for 2023 introduced dividend income exclusion provision that excludes dividends received from its foreign subsidiary.

- (Dividend subject to income exclusion): Dividend received by a domestic company from a foreign subsidiary
- (Condition applicable to a foreign subsidiary): at least 10% ownership interest in the foreign subsidiary\*, interest owned for at least 6 months as of the dividend payment date
  - \* 5% ownership applies to foreign subsidiaries of domestic companies operating foreign resource development business
  - \*\* If the underlying source of dividend is from the foreign subsidiary’s reduction of capital reserve, income exclusion applies regardless of ownership requirement
- (Scope of dividend subject to income exclusion): Dividend sourced from current earnings and retained earnings, and deemed dividends. However, dividend recognized due to application of CFC rules, dividend from hybrid financial products\*\*\* and dividend from investment companies (excluding private collective investment vehicles for institutional investors) are excluded from the above scope of dividends.
  - \*\*\* Payments treated as interest expense outside of Korea but regarded as dividend in Korea
- Income exclusion rate: 95%

[Effective Date] The amendment will take effect and apply to dividends received on or after January 1, 2023. If the dividend received after January 1, 2023, is not subject to dividend income exclusion provision, foreign tax credit provision will apply to the dividend received.



### Revised Domestic Dividend Received Deduction (DRD)

Under the current CITL, the domestic dividend received deduction (“DRD”) ratio ranges from 30% to 100% depending on i) the type of a company (i.e., holding company vs. other companies; and listed subsidiaries vs. unlisted subsidiaries) and ii) the ownership percentage held by a company in its domestic subsidiary paying dividends. Under the Tax Reform for 2023, the DRD would apply without consideration of the type of the company.

Type	Current				Amended	
	Others		Holding Company		Ownership %	DRD %
	Ownership %	DRD %	Ownership %	DRD %		
Listed Company	100%	100%	40~100%	100%	50% or above	100%
	30~100%	50%	30~40%	90%		
	Below 30%	30%	Below 30%	80%		
Unlisted Company	100%	100%	80~100%	100%	20~50%	80%
	50~100%	50%	50~80%	90%	Below 20%	30%
	Below 30%	30%	Below 30%	80%		

[Effective Date] The amendment will take effect and apply to dividends received on or after January 1, 2023.

[Transitional Provision] Taxpayer has option to apply the previous rule or the amended rule for the dividends received until 2023.

### Increased Net Operating Loss Utilization Rate

Under the previous CITL (Article 13), utilization of tax net operating loss (“NOL”) is limited to 60% of taxable income for the respective year. Under the Tax Reform for 2023, the limitation on utilization of tax NOL would increase from 60% to 80% of taxable income for the respective year (in case of a small and medium sized enterprise (“SME”), 100% NOL utilization remains unchanged).

Current	Amended
Limitation on utilization of tax NOL <ul style="list-style-type: none"> <li>▪ General, consolidated, merged, spun-off, foreign corporation: 60% of taxable income</li> <li>▪ SMEs: 100% of taxable income</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tax NOL utilization ratio increased from 60% to 80%</li> <li>▪ SMEs: (Same)</li> </ul>

[Effective Date] The amendment will take effect for business years starting on or after January 1, 2023.

### Expiration of Accumulated Earnings Reserve Tax

Under the Tax Incentive Limitation Law (“TILL”), 20% additional tax applies for a certain companies with respect to excess corporate earnings reserve to facilitate the use of corporate retained earnings to fund facility investment and payroll increases. The Tax Reform for 2022 extended the sunset date of accumulated earnings reserve tax to the end of December 2025 and limit the application of the tax to companies belonging to business groups subject to restrictions on cross-shareholdings.

Current	Amended
(Scope of companies) (i) Companies whose net assets exceed KRW 50 billion (excluding SMEs, non-profit organizations, and special purpose companies); or, (ii) Companies belonging to business groups subject to restrictions on cross-shareholdings under the Act on Monopoly Regulation and Fair Trade. (Sunset date) expire at the end of December 2022	(Scope of companies) (i) Deleted (ii) same (Sunset date) expire at the end of December 2025



## Relaxation of Ownership Requirement for Tax Consolidation

Under the current CITL, tax consolidation is allowed for a parent company and its wholly controlled domestic subsidiary (i.e., 100% ownership). The Tax Reform for 2023 mitigates the requirements on tax consolidation from ownership of 100% to 90% or more.

Current	Amended
<ul style="list-style-type: none"> <li>Entities eligible to file a consolidated tax return: wholly controlled domestic subsidiary* by vote or value.</li> </ul> <p>* ① Includes wholly owned domestic subsidiaries through indirect ownership.</p> <p>② Excludes treasury stock; employee-owned shares and stock option must not exceed 5% of the outstanding shares</p>	<ul style="list-style-type: none"> <li>Domestic entities owned 90% or more (or through indirect ownership of 90% or more) by vote or value are eligible to be included in tax consolidation</li> </ul> <p>* ① Includes domestic companies indirectly owned 90% or more through a domestic subsidiary owned 90% or more</p> <p>② (Same)</p>

[Effective Date] The amendment will take effect for business years starting on or after January 1, 2024.

## Introduction of Integrated Employment Tax Credit

Under the current Korean tax law, various tax credits and incentives with respect to employment are available but there are no unified or integrated standards for eligibility conditions, such as definitions of full-time employees, post-management requirements and etc.

In this regard, the Tax Reform for 2023 introduced an integrated employment tax credits by integrating previous tax credits (tax credit for enterprises increasing jobs, social insurance, female employees with career interruption, employee converted to full-time, employees returning to their job after maternity leave) into a uniform employment tax credit system with a purpose to expand scope of credits, create jobs, and support underprivileged social classes. In addition, the scope of youth was expanded to be between 15 and 34 years (rather than between 15 and 29 years under previous rule) to promote youth employment.

Current	Amended																																										
<p>① Tax credits for enterprises increasing jobs:</p> <ul style="list-style-type: none"> <li>The number of additional employees X tax credit per person</li> </ul> <table border="1"> <thead> <tr> <th rowspan="3">Type</th> <th colspan="4">Tax Credit Amount Per Person (in KRW 10K)</th> </tr> <tr> <th colspan="2">SME (3 years)</th> <th rowspan="2">Middle-sized (3 years)</th> <th rowspan="2">Large-sized (2 years)</th> </tr> <tr> <th>Metropolitan Area</th> <th>Non-metropolitan Area</th> </tr> </thead> <tbody> <tr> <td>Other full-time employees</td> <td>700</td> <td>770</td> <td>450</td> <td>-</td> </tr> <tr> <td>Youth*, disabled, and seniors at least 60 years of age</td> <td>1,100</td> <td>1,200</td> <td>800</td> <td>400</td> </tr> </tbody> </table>	Type	Tax Credit Amount Per Person (in KRW 10K)				SME (3 years)		Middle-sized (3 years)	Large-sized (2 years)	Metropolitan Area	Non-metropolitan Area	Other full-time employees	700	770	450	-	Youth*, disabled, and seniors at least 60 years of age	1,100	1,200	800	400	<ul style="list-style-type: none"> <li>Eligibility: All business entities* *with the exception of the consuming service industry</li> <li>(Standard Tax Credit) The number of additional employees X tax credit per person</li> </ul> <table border="1"> <thead> <tr> <th rowspan="3">Type</th> <th colspan="4">Tax Credit Amount Per Person (in KRW 10K)</th> </tr> <tr> <th colspan="2">SME (3 years)</th> <th rowspan="2">Middle-sized (3 years)</th> <th rowspan="2">Large-sized (2 years)</th> </tr> <tr> <th>Metropolitan area</th> <th>Non-metropolitan area</th> </tr> </thead> <tbody> <tr> <td>Other full-time employee</td> <td><u>850</u></td> <td><u>950</u></td> <td>450</td> <td>-</td> </tr> <tr> <td>Youth*, the disabled, seniors at least 60 years of age, and <u>career-interrupted female</u></td> <td><u>1,450</u></td> <td><u>1,550</u></td> <td>800</td> <td>400</td> </tr> </tbody> </table>	Type	Tax Credit Amount Per Person (in KRW 10K)				SME (3 years)		Middle-sized (3 years)	Large-sized (2 years)	Metropolitan area	Non-metropolitan area	Other full-time employee	<u>850</u>	<u>950</u>	450	-	Youth*, the disabled, seniors at least 60 years of age, and <u>career-interrupted female</u>	<u>1,450</u>	<u>1,550</u>	800	400
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\*Youth (as pursuant to the Decree): 15-29 years of age

	<ul style="list-style-type: none"> <li>▪ Expansion of scope for <u>ages eligible for youth</u>, addition of <u>career-interrupted female</u> *Youth (as pursuant to the Decree): 15-<u>34</u> years of age</li> <li>▪ In case the number of full-time employees decreases within two years, recapture of tax credit claimed applies.</li> </ul>
<p>② Tax credits for social insurance:</p> <ul style="list-style-type: none"> <li>▪ Number of additional employees X employer's social insurance premium X exemption rate (50~100%)</li> </ul> <p>③ Tax credits for middle-sized enterprises and SMEs re-employing career-interrupted female:</p> <ul style="list-style-type: none"> <li>▪ Total wages for career-interrupted female X exemption rate (SME 30%/Middle-sized 15%)</li> </ul> <p>④ Tax credits for employee converted to full-time:</p> <ul style="list-style-type: none"> <li>▪ Number of converted employees X tax credit per person (SME KRW10 million /Medium-sized KRW 7million)</li> </ul> <p>⑤ Tax credits for wages paid to employees returning from maternity leave:</p> <ul style="list-style-type: none"> <li>▪ Total wages for employees returning from maternity leave X exemption rate (SME 30%/Medium-sized 15%)</li> </ul>	<p>(Additional tax credit)</p> <ul style="list-style-type: none"> <li>▪ Number of full-time converted employees and employees returning from maternity leave) X tax credit per person (SME KRW 13 million /Middle-sized KRW 9million)</li> <li>▪ Tax credits claimed are recaptured if employment of the above- mentioned employees terminates within two years of the date of conversion or return.</li> </ul>

[Effective Date] The amendment will take effect for business year starting from January 1, 2023.

[Transitional Provision] For 2023 and 2024, taxpayers have the option to apply either the current rules in effect (for tax credits for enterprises increasing jobs and tax credits for social insurance) or the newly introduced integrated employment tax credit.

### Introduction of Accelerated Depreciation for Energy-saving Facilities

The Tax Reform for 2023 introduced accelerated depreciation regime for energy-saving facilities acquired in 2023 to provide incentive for investment in energy-saving facilities.

Current	Amended
(Newly added)	<p>Introduced accelerated depreciation regime for energy-saving facilities</p> <ul style="list-style-type: none"> <li>▪ (Accelerated depreciation): A company can apply accelerated depreciation for energy-saving facilities by applying useful lives which can be shortened within 50% (75% for SMEs) of the standard useful life.</li> <li>▪ (Scope of facilities): Energy-saving facilities</li> <li>▪ (Sunset date): Energy-saving facilities acquired from January 1, 2023 to December 31, 2023.</li> </ul>



**Additional Supporting Document Requirement to Apply Tax Exemption Granted Under the Tax Treaty**

The Tax Reform for 2023 introduced additional supporting document requirements to apply non-taxation or tax exemption under the tax treaty.

Current	Amended
<p>Non-resident, foreign corporation’s application for non-taxation or exemption under the tax treaty:</p>	<p>Procedural update made to the application for non-taxation or exemption under the tax treaty:</p>
<ul style="list-style-type: none"> <li>▪ (Procedure) Application form for non-taxation or exemption under the tax treaty must be submitted to the withholding agent → submitted to the tax office</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Same)</li> </ul>
<ul style="list-style-type: none"> <li>▪ (Required document) certificate of residency</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Additional document required): Formation documents of the foreign entity, documents related to Korean-sourced income, etc.</li> </ul>
<ul style="list-style-type: none"> <li>▪ (Newly added)</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Procedural update): Commissioner of the tax office has the authority to adjust taxpayer’s position if conditions to qualify for tax exemption are not satisfied or information provided in the exemption application does not align with facts.</li> <li>▪ The commissioner may request the taxpayer to provide additional documents if the documents submitted are inadequate to assess whether conditions to qualify for tax exemption are satisfied.</li> <li>▪ Payor of income may request to non-resident or foreign corporation to provide supporting documents to apply for non-taxation or tax exemption of Korean-sourced income.</li> </ul>
<ul style="list-style-type: none"> <li>▪ (Application for tax refund) Beneficial owners are eligible to apply for a tax refund within five years from the last day of the month of the original withholding</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Same)</li> </ul>
<ul style="list-style-type: none"> <li>▪ (Required document) Non-taxation or exemption application form, certificate of tax residency</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Additional document required): Formation documents of the foreign entity, documents related to Korean-sourced income, etc.</li> </ul>

[Effective Date] The amendments will take effect and apply to non-taxation or exemption applications filed on or after January 1, 2023.



## Expansion of Exemption Threshold to Submit International Transaction Related Information

Current	Amended
<p>Exemption to submit information(*) related to international transactions:            (*) Information required to be submitted</p> <ul style="list-style-type: none"> <li>① Statement of international transactions,</li> <li>② Condensed income statement for related parties,</li> <li>③ Declaration of transfer pricing method</li> </ul>	<p>Expansion of the exemption threshold:</p>
<p>Exempted from requirement to submit statement of international transactions if Master/local files are submitted</p>	
<p>(Newly added)</p>	<p>(Added) Exempted from requirement to submit statement of international transactions if</p> <ul style="list-style-type: none"> <li>(i) the total amount of transactions of goods with foreign related party does not exceed KRW 500 million,</li> <li>(ii) the total amount of service transactions with foreign related party does not exceed KRW 100 million and</li> <li>(iii) the total amount of transactions of intangible assets with foreign related party does not exceed KRW 100 million</li> </ul>
<p>If the total amount of transactions of goods with foreign related party does not exceed KRW 1 billion and the total amount of service transactions does not exceed KRW 200 million: exempt from filing condensed income statement</p>	<p>(Added) Total amount of transactions of intangible assets with foreign related party does not exceed KRW 200 million</p>
<p>If any of the following applies, declaration of transfer pricing method does not need to be filed:</p> <p>(i) If the total amount of transactions of goods does not exceed KRW 5 billion and the total amount of intra-group service transactions does not exceed KRW 1 billion</p> <p>(ii) If the total amount of transactions of goods with each foreign related party does not exceed KRW 1 billion and the total amount of service transactions does not exceed KRW 200 million</p>	<p>(Added) Total amount of transactions of intangible assets does not exceed KRW 1 billion</p> <p>(Added) Total amount of transactions of intangible assets with each foreign related party does not exceed KRW 200 million</p>

[Effective Date] The amendment will take effect for business years starting on or after January 1, 2023.

## Introduction of Tax on Income Attributed to Overseas Pass-Through Entity

The Tax Reform introduced an exception where, if a domestic investor makes investment in foreign jurisdictions (e.g., EU, etc.) through an overseas pass-through entity, such as partnership, etc., that is not taxable entity for foreign tax purposes, such entity would be also treated as a pass-through entity (i.e., not taxable entity) for Korean tax purposes as summarized below.



Current	Amended
(Newly added)	<p>Introduced new tax treatment on overseas pass-through entity</p> <ul style="list-style-type: none"> <li>▪ (Scope of overseas pass-through entity): Entity which meets all conditions below:               <ul style="list-style-type: none"> <li>① Entity can be one of the following entities: a foreign corporation, an overseas investment vehicle, or a organization which is not a corporation</li> <li>② Pursuant to the tax laws of country where the entity resides, the profit or losses of the entity (①) flow through to its shareholders, contributors or beneficial owner (collectively called “shareholders and etc.”) and taxed by the shareholders and etc.</li> </ul> </li> <li>▪ (Application procedure): Individual resident or a domestic corporation who is the shareholders and etc. of the overseas pass-through entity should file the application to the commissioner of the tax office. (Note: The application cannot be cancelled after the submission of application unless the entity does not satisfy one of the conditions for being considered as the overseas pass-through entity)</li> <li>▪ (Effect of new tax treatment): The profit and losses attributed to the overseas pass-through entity will be flowed through to its shareholders and etc. and taxed at the level of the shareholders and etc.               <ul style="list-style-type: none"> <li>① (Type of Income flow through): The income flowed through to the shareholders and etc. will follow the type of income attributed to the overseas pass-through entity</li> <li>② (Timing of recognition of income flow through): The income flowed through to the shareholders and etc. is deemed to earn when the income is attributed to the related overseas pass-through entity</li> </ul> </li> </ul>

[Effective Date] The amendment will take effect and apply to the applications filed on or after January 1, 2023.

### Reduction of Securities Transaction Tax

Under the previous Securities Transaction Tax Law, securities transaction tax (“STT”) is levied for securities traded on KOSPI and KOSDAQ at a rate of 0.23% (inclusive of 0.15% special tax for rural development). Under the Tax Reform for 2023, STT (inclusive of special tax for rural development) would be reduced as provided below.

	2022	2023	2024	2025 and onward
KOSPI	0.23%	0.20%	0.18%	0.15%
KOSDAQ	0.23%	0.20%	0.18%	0.15%

[Effective Date] The amendment will take effect and apply to transactions that occur on or after January 1, 2023



## Mitigation of Conditions to Issue Revised Import VAT Invoices

Under the VAT Law (“VATL”), issuance of revised import VAT invoice is allowed in limited circumstances as follows:

- ① in case where an importer files an amended filing before the adjustment is made by the customs duty authority (excluding cases where the importer knows in advance that customs duty authority will adjust the import VAT (e.g. knowing in advance the schedule of customs duty audit, etc.))
- ② (i) in case where the customs duty authority adjusts the import VAT through a custom duty audit, etc. or (ii) if an importer files an amended filing knowing in advance that the customs duty authority will conduct a customs duty audit, the revised import VAT invoice can be issued only when the importer proves that there was no fault attributable to the importer or that the incorrect import VAT invoices were merely due to a simple error or misunderstanding, etc.

Under the Tax Reform for 2023, the conditions for issuance of revised import VAT invoice were significantly mitigated. As a result, issuance of revised import VAT invoice will be allowed in principle, except for the cases of under-report of import VAT caused by gross negligence of taxpayers, such as, i) customs evasion, price manipulation, fictitious documents, destruction of documents, etc., pursuant to the Customs Act, or ii) repeatable errors in filing of VAT returns.

[Effective Date] The amendment will take effect and apply to transactions for which import VATs are revised on or after January 1, 2023

## Introduction of Purchaser-issued VAT Invoices

The VATL allows for a purchaser to issue VAT invoices for supply of VAT-leviable goods and services in case the supplier is unable to issue VAT invoices, so that the purchaser can claim deduction for the related input VAT. However, in case of supply of VAT exempt goods or services, the tax law does not allow a purchaser to issue invoices when the supplier is unable to issue tax invoices and thus, the purchaser was unable to deduct the related expenses for corporate income tax purposes due to the absence of the supporting evidence.

Under the Tax Reform for 2023, it is allowed that a purchaser of goods or services can issue the invoices upon confirmation by a district tax office, when the supplier is not able to issue tax invoices for the supply of VAT exempt goods or services, so that the purchaser can deduct the purchase cost for CIT purposes with the supporting invoices.

[Effective Date] The amendment will take effect and apply to supply of goods and services on or after July 1, 2023

## Extension for Application period of Flat Income Tax Rate to Foreign Employees

Under the TILL (Article 18-2), foreign expatriates and employees may be eligible for a flat tax rate of 19% on income earned in Korea during the first five years of employment if they start work no later than December 31, 2023.

Under the Tax Reform for 2023, the existing five-year limitation period would be extended to twenty years and the sunset date for the application would be deleted, thus, foreign expatriates and employees may be eligible for a flat tax rate of 19% on income earned in Korea without any period limitation.

[Effective Date] The amendment will take effect and apply to income generated on or after January 1, 2023  
[Transitional Provision] Applies to taxpayers currently applying and to those who previously applied the flat income tax rate



### Extension of Income Tax Exemption Period for Foreign Engineers

Under the TILL (Article 18), foreign engineers or researchers are entitled to a 50% reduction in income tax on their employment income for five years from the first service year in Korea (or a 70% reduction for the first three years and a 50% reduction for the next two years for qualified engineers working for certain companies prescribed by the Korean tax law). Under the Tax Reform for 2023, the 50% reduction period would be extended from 5 years to 10 years.

[Effective Date] The amendment will take effect and apply to engineers who start to work in Korea for the first time after January 1, 2023

[Transitional Provision] The amendment also applies to engineers subject to the exemption as of January 1, 2023.

### Two-year Postponement of Tax on Financial Investment Income

According to the Individual Income Tax Law (“IITL”), tax on financial investment income on an aggregated basis derived and realized from financial investment products will be imposed on or after January 1, 2023. However, the Tax Reform for 2023 proposed two-year postponement (effect date deferred to January 1, 2025) on application of tax on financial investment income.

In addition, under the Tax Reform for 2022, the taxation on income from virtual assets would also be postponed for two years to be effective on or after January 1, 2025.

### Extension of Retention Period for Offshore Transaction Documents

Under the National Tax Basic Law (Article 26-2 ①), from 2019, the general statute of limitation was extended from 5 years to 7 years for international and offshore transactions. Under the Tax Reform for 2022, in line with the above extended statute of limitation, the maintenance and retention period of books and records for international and offshore transactions was also extended from 5 years to 7 years.

[Effective Date] The amendment will take effect and apply from January 1, 2023 when the retention period for book and accounting records is due.

### New Requirement to Maintain Transfer Pricing Related Documents Domestically

Under the Tax Reform for 2023, the tax law introduced new requirement for taxpayers to keep and retain transfer pricing related documents\* in a domestic place with a purpose to prevent any tax avoidance by hiding relevant documents in a foreign place.

\* Organization chart, work assignment detail, contracts for related party transactions, such as transfer/purchase of assets, etc.

[Effective Date] The amendment will take effect and apply to transactions that occur on or after January 1, 2023



## Introduction of Global Minimum Tax Rule (BEPS 2.0 Pillar Two)

The 2023 Tax Reform introduced the domestic legislation which includes Global Minimum Tax Rule where if a multinational company is subject to an effective tax rate lower than a minimum tax rate (15%) in a specific jurisdiction, the company is required to pay the difference between the tax calculated at the lower effective tax rate and 15% minimum tax rate in another jurisdiction.

- Applicable taxpayers: Multinational company groups whose consolidated revenue is €750 million or more in two or more of the last four fiscal years.
- Additional tax: If a multinational company is subject to an effective tax rate lower than the minimum tax rate (15%) in a specific jurisdiction, the company is required to pay the difference between the tax calculated at the lower effective tax rate and 15% minimum tax rate.
- Timeline: The filing due date would be 15 months after the last day of the fiscal year. However, for the first year, the due date would be 18 months after the last day of the fiscal year.

[Effective Date] The amendment will take effect for fiscal years starting on or after January 1, 2024.

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