



## ISSUES RELATING TO FOREIGN INVESTMENT

### Republic of Korea Hwang Mok Park P.C.

#### CONTACT INFORMATION

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- 1. Is state governmental permission required for foreign investors to acquire real estate? If so, please identify.**

Generally, the answer is no with some exceptions. Foreign investors are not required to obtain governmental permission to acquire real estate in Korea except that the land is located in any of the following districts or areas: (1) military bases and reservations for military installations; (2) designated cultural properties; (3) ecological and scenic conservation areas; and (4) special wildlife and plant reserves.

Also, it shall be noted that the Korean government may restrict the acquisition or transfer of land in Korea by investors of a nation which restricts the acquisition or transfer of land in the nation's territory by a Korean national under the reciprocity principle.

- 2. Are there other state restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.**

No, there are no state restrictions imposed on ownership of real estate by foreign investors other than the restriction set forth in 1 above and the reporting requirements we will describe in 5 below. There are also no state restrictions on acquisition of interests in entities which own real estate.

Under Korean law, title to real estate shall pass upon registration of such title transfer with the real estate registration office. As an administrative matter, a foreign individual or company who does not have a (resident) registration number to effect a real estate registration in Korea, may apply for one with the relevant government agency.

**3. Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?**

No. There is no difference between sole investment by a foreign investor and joint investment with a local partner under Korean law.

**4. What state taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?**

There are no state taxes levied solely on foreign investors.

**5. Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.**

Under the Foreign Exchange Transaction Act and the Regulation on Foreign Exchange Transaction (“RFET”), a foreign individual or company who is not a resident in Korea shall file a real estate acquisition report accompanied by an executed copy of the sale and purchase agreement with the foreign exchange bank or the Bank of Korea (as the case may be as prescribed in RFET).

Furthermore, a foreign individual/company is required to file a report on the acquisition of land title to the head of the competent local authority within 60 days of the execution of the sale and purchase agreement under the Foreigners Land Acquisition Act. However, the above requirement need not be fulfilled where a report on real estate transaction has been filed in accordance with the Business Affairs of Licensed Real Estate Agents and Report of Real Estate Transactions Act; or in the event that a report on home purchase transaction has been filed in accordance with the Housing Act.