

Eligible evidence for tax deduction

As supporting documents for payments, companies need to obtain the statutory receipts (“eligible evidence”) on goods or services from the suppliers. In the event a corporation fails to obtain an eligible evidence while it receives goods or services exceeding 30,000 KRW per payment, 2% of the amount not retrieved will be added to the corporation tax as an additional tax. In this case, even if a loss occurred and there is no calculated tax amount, this additional tax must be paid.

1. Types of eligible evidence

Eligible evidences are the types of mandatory invoices or receipts being electronically issued and reported to tax authorities by supplies.

- Tax invoice where VAT is applied
- Tax exempted invoice where VAT is exempted (i.e. public education, medical service, financial service etc.)
- Credit card statement
- Statutory cash receipts registered with National Tax Authority

[Tax invoice sample]

The diagram shows a sample Korean Tax Invoice (세금계산서) with various fields annotated. The invoice is for '대나무회사' (Dadamu Company) and '소나무회사' (Sonamu Company). The invoice number is 12-3456. The invoice date is 2005-11-07. The invoice includes a table of items with prices and quantities. The total amount is 7,500 KRW. The invoice is annotated with various fields and their corresponding values.

년	월	일	공관수	백	십의	천	백	십	만	천	백	십	일	일	일	일	일	일	일	일
2005	1	1	7																	

월	일	품	목	규	격	수	량	단	가	공	관	가	액	세	액	비	고
1	1					1		1,500				1,500		영	세		
1	1					2		3,000				6,000		영	세		

합계금액: 7,500
 현금: []
 수표: []
 어음: []
 외상미수금: []
 이 금액을 청구 함

2. Transactions that are not required to obtain the eligible evidence

- Any transaction which has transaction amount of 30,000 KRW or less including VAT
- In the event it gets the service from a business income earner who is subject to withholding taxes
- In the event it gets telecommunication services from a telecommunication provider
- In the event it gets the overseas service or goods (except when the head of the customs office issues tax invoices)
- In the event it gets financial or insurance services
- In the event it gets navigation services of an airplane



- In the event it gets passenger transportation services of a railroad
- In other cases when the Director of the National Tax Service declines

3. Due dates for Additional Tax payment

When a corporation files and pays the corporation tax, it shall pay the 2% additional tax in the same taxable year.