

Transfer Pricing Related Forms

Taxpayers having international transactions with foreign related parties should submit the following forms within 6 months after the fiscal year end unless exempted.

Type of forms	Required conditions for exemption
Summary of cross-border transactions with foreign related parties ¹	<ol style="list-style-type: none"> 1. Good transactions: less than KRW 500 million; 2. Service transactions: less than KRW 100 million; and 3. Intangible transactions: less than KRW 100 million.
Summary P&L of foreign related party	<ol style="list-style-type: none"> 1. Good transactions: less than KRW 1 billion; 2. Service transactions: less than KRW 200 million; and 3. Intangible transactions: less than KRW 200 million.
Report of transfer pricing methods	<p>Either (i) total overseas transaction volume of</p> <ol style="list-style-type: none"> 1. Goods transaction: less than 5 billion; 2. Service transaction: less than KRW 1billion; and 3. Intangible transaction: less than KRW 1billion <p>Or (ii) cross-border related party transaction volume by each related party</p> <ol style="list-style-type: none"> 1. Goods transaction: less than 1 billion; 2. Service transaction: less than KRW 200million; and 3. Intangible transaction: less than KRW 200 million.

Non-submission or false submission of the summary of cross-border transactions with foreign related parties will be subject to the penalty of KRW 5m per a foreign related party.

Also, tax authorities can demand a taxpayer to submit the summary of cross-border transactions with foreign related parties, the summary P&L of foreign related parties as well as a report of transfer pricing methods within 60 days, if it was not duly filed. Failure to submit it upon tax authorities' request will be subject to the penalty imposition of KRW 70m.

After the initial penalty imposition, tax authorities are entitled to demand to submit or correct the information within 30 days. Additional penalty up to KRW 200 mil. could be imposed if the taxpayer fails to submit it again. Additional penalty is computed based on the number of delayed days.

¹ Non-filing of the summary of cross border transactions with foreign related parties shall be subject to the penalty of KRW 5million.