

## Guidance on Resident Tax (Pro Rata Property) Return/Payment

### 1. Types of Resident Tax

Resident tax can be categorized into 3 types: per capita, pro rata property, and pro rata employee. If the business owner who manages a place of business that exceeds 330m<sup>2</sup> is required to pay 2-3 types of resident tax.

Type of Resident Tax	Taxpayer	Date of Taxation	Due Date for Payment	Method of Taxation
Per Capita	Individual who has an address (head of household) /	Every July 1 <sup>st</sup>	August 16 ~ August 31	Imposition notice
	Individual or corporate who has a place of business as of August 1 <sup>st</sup> every year	Every July 1 <sup>st</sup>	August 1 ~ 31	Return and payment in every August
Pro Rata Property	Business owner who has a place of business that exceeds gross floor area of 330m <sup>2</sup> (*1)			
Pro Rata Employee	Business owner who has monthly average of the gross payroll amount that exceeds 150 million won over the latest one year. (*2)	End of every month	10 <sup>th</sup> of the following month	Return and payment in every month

(\*1) Resident tax that needs to be filed and paid to cities and counties where the business is located every August 1 to 31 with the tax rate of 250 won per 1m<sup>2</sup> if the business place has a gross floor area that exceeds 330m<sup>2</sup>.

(\*2) Non taxable payment and payment for both parental leave period over 6 months and 1 year after return are excluded from the gross payroll.

### 2. Filing a Resident Tax Return

- 1) Gross Floor Area should be calculated by adding the floor areas if a building is located within 1 district(Gu) from the place of business.

→ Gross Floor Area : Registered building data + Temporary buildings + Unlicensed buildings + Building Exterior machinery and equipment, storage pit + Stairs, Hallway, and other areas of common use space

→ The tax return/payment of the taxable gross floor area should be filed excluding non-taxable areas(\*1) (employee welfare facilities such as employee lounge or cafeteria).

\*1. Non-Taxable Areas are referred to as

- Dormitory/Pension/Company Housing/Cafeteria/Medical Room/Museum / Evacuation Facilities/Gymnasium/Library/Training Institution/Recreation Room/ Lounge that are directly used for employees' health, welfare and refinement.
- Sanitation Facilities/Pollution Control Facilities that are actually operated
- Bath room or Locker room/Hair shop/Ammunition chamber on the premises.

2) The documents for submission are **resident tax (pro rata property) return, building specification, and a copy of the lease contract (for leased place of business) etc.**

3) The tax return can be submitted by visiting the Tax Collection Department, mailing or sending fax to the person in charge of resident tax of the Regional Tax Collection Department.

### 3. Penalties

If the tax is not filed or paid, or less filed, **penalties will be imposed on incorrect filing** of the calculated tax amount, or non-filing and additional penalties on **failure of tax payment** (calculated tax amount + 2.2/10,000\* days of delayed payment) are taxed; thus, the tax should be filed and paid within the period.

Percentage of penalty	Resident Tax (per capita)	Resident Tax (pro rata property)	Resident Tax (pro rata employee)
Non filing within period	20%	20%	20%
Incorrect filing(*)	10%	10%	10%
Additional tax on deficiencies	0.022% / day	0.022% / day	0.022% / day

(\*) Even if the tax cannot be paid due to unforeseen circumstances, a tax return must be submitted to avoid the unfavourable disposition of penalties on incorrect filing.