

## South Korea

### Summary of CbC Reporting and Transfer Pricing Documentation Rules

#### Country-by-Country Report

- Effective Date: Fiscal years beginning on or after January 1, 2016.
- Filing Threshold: Korean MNEs with annual consolidated group revenue exceeding KRW 1 trillion in the prior fiscal year.
- Local Filing: A Korean subsidiary of a foreign MNE is required to file the CbC report if certain conditions are met.
- Information Reported: Consistent with OECD guidance.
- Language: English and Korean.
- Forms/Filing Instructions (see Bloomberg Tax International Tax Forms database):
  - CbC Notification of Reporting Entity: filed on Reporting Entity Notification form.
  - CbC Report: filed electronically via the National Tax Service website.
- Deadline for Filing Notification of Reporting Entity: Within 6 months of the reporting year-end.
- Deadline for Filing CbC Report: Within 12 months of the reporting year-end.
- Penalties: Penalties of KRW 30 million may apply for the failure to file or the submission of incorrect information.
- Exchange of Information:
  - MCAA CbC: signed.
  - U.S. CAA CbC: signed.

#### Master File

- Effective Date: Fiscal years beginning on or after January 1, 2016.
- Filing Threshold: Domestic corporations and foreign corporations with permanent establishments in Korea if:
  - annual net sales exceed KRW 100 billion, and
  - the volume of cross-border related-party transactions exceeds KRW 50 billion in the relevant fiscal year.
- Information Reported: Generally in line with OECD guidance (ITCL-ER Form 8-3). Separate master files may be prepared for different business segments.
- Language: Korean (an English version may be initially submitted; however, a Korean translation must be submitted within one month).
- Deadline for Submission: Within 12 months of the relevant fiscal year-end. For fiscal years beginning on or after January 1, 2024, a proposal has been submitted to shorten the deadline for submission to “within 6 months of the relevant fiscal year-end”.
- Penalties: Penalties of KRW 30 million may apply for the failure to file or the submission of incorrect information.

#### Local File

- Effective Date: Fiscal years beginning on or after January 1, 2016.

# Bloomberg Tax

- Filing Threshold: Domestic corporations and foreign corporations with permanent establishments in Korea if:
  - annual net sales exceed KRW 100 billion, and
  - the volume of cross-border related-party transactions exceeds KRW 50 billion in the relevant fiscal year.

Taxpayers that have received an approval of their APA application from the National Tax Service are exempt from the requirement to submit a local file with regard to the covered transaction.

- Information Reported: Generally in line with OECD guidance (ITCL-ER Form 8-3).
- Language: Korean.
- Deadline for Submission: Within 12 months of the relevant fiscal year-end. For fiscal years beginning on or after January 1, 2024, a proposal has been submitted to shorten the deadline for submission to “within 6 months of the relevant fiscal year-end”.
- Penalties: Penalties of KRW 30 million may apply for the failure to file or the submission of incorrect information.

## Transfer Pricing Documentation

Taxpayers that do not meet the Master File/Local File thresholds may be required to prepare and maintain transfer pricing documentation to be eligible for penalty protection. In general, penalty protection is available if transfer pricing documentation is prepared by the time of filing the local entity’s corporate income tax return (generally due within 3 months after the end of the relevant year) and submitted with 30 days of a request by the tax authorities, and the transfer pricing method is reasonably selected and applied.

## Transfer Pricing Disclosures

The following disclosures are required to be filed with the annual corporate income tax return (generally due within 3 months after the end of the relevant year):

- ITCL-ER Form No. 1: declaration of transfer pricing method selected and the reasons for its selection (different forms for tangible property transactions, intangible property transactions, and service transactions). Certain exemptions apply.
- ITCL-ER Form No. 5: report on cost sharing arrangements.
- ITCL-ER Form No. 8: summary of cross-border intercompany transactions.
- ITCL-ER Form 8-2: summary income statements of foreign related counterparties. Certain exemptions apply.

To simplify reporting requirements, certain exemptions may apply for taxpayers required to file a master file and local file.

*For more detailed guidance, please see the Transfer Pricing Portfolio: [Korea, Chapter 95:II.F](#) (Basic Korean Transfer Pricing Ruled - Reporting International Transactions ).*