

MARKET ACCESS

IMPORT RESTRICTIONS

South Korean government regulations require that all importers have a general licence as well as a specific licence for all imported items. Each specific licence covers only one transaction and is necessary to secure letters of credit. Imports are classified into three groups: 1) automatically approved; 2) restricted items; and, 3) prohibited goods. Foreign investors can usually import whatever they need to set up a processing plant under an approved foreign investment. If the plant is geared to exporting its products, virtually no limits are placed on what can be brought in, provided the imports contribute directly to exports. Restrictive regulations govern the content and safety of products, and penalties for violators are severe.

IMPORT DUTIES

Imports are limited mainly by licensing, prior deposits and foreign exchange allocations. Tariffs, when they exist, are frequently high, but they are steadily decreasing because of the policy of opening the domestic markets.

CUSTOMS DUTIES

The customs value of imported goods is an adjusted transaction value that includes additional fees paid by a buyer (eg. cost of transport, insurance and other expenses as well as the import price). Tariff rates fall into two categories: 1) the general rate (basic rate and provisional rate); and, 2) the special rate (anti-dumping duties, retaliation duties, etc.). Among the rates of duty, the special rate is applicable prior to the general rate; in application of the general rate, a provisional rate is applied prior to a basic rate. When goods on which customs duties have already been paid at the time of importation are offered for use in manufacturing or processing of goods to be exported, the customs duties are refunded within the limit of the amount of customs duties previously paid.

VALUE-ADDED TAX

The taxable value of imported goods is the total amount of the transaction value for customs duties, and the special consumption tax. Certain goods are subject to a special consumption tax, which is calculated as the adjusted transaction value for customs duties times a certain tax rate.

DOCUMENTATION

The documents to be submitted to obtain import permission vary based upon the type of product, origin of the import and kind of business in which the applicant is engaged. The following represents a summary of the basic documents and information necessary to apply for an import permit for goods entering the South Korean market.

1. Completed application for an import permit.
2. Bill of lading.
3. Invoice containing a description of goods, brand name, quantity, specifications, type or model number, unit price, freight, insurance and other expenses, and any amount of duty reduction or exemption obtained at the port of shipment.
4. Packing list.
5. Other requisite import documents, such as certificate of origin or health certificate.