SEOUL METROPOLITAN GOVERNMENT ORDINANCE ON TAX REDUCTION OR EXEMPTION

Enactment No. 3145, Dec. 31, 1994
Partial Amendment No. 3185, May. 06, 1995
Partial Amendment No. 3227, Oct. 16, 1995
Partial Amendment No. 3239, Nov. 20, 1995
Partial Amendment No. 3245, Dec. 30, 1995
Partial Amendment No. 3270, Mar. 20, 1996
Partial Amendment No. 3311, Jul. 01, 1996
Partial Amendment No. 3359, Jan. 15, 1997
Partial Amendment No. 3380, Mar. 20, 1997
Whole Amendment No. 3445, Dec. 23, 1997
Partial Amendment No. 3455, Jan. 15, 1998
Partial Amendment No. 3488, Apr. 30, 1998
Partial Amendment No. 3504, May. 25, 1998
Partial Amendment No. 3509, Jun. 30, 1998
Partial Amendment No. 3543, Jan. 15, 1999
Partial Amendment No. 3574, Mar. 20, 1999
Partial Amendment No. 3610, Jun. 15, 1999
Partial Amendment No. 3644, Jul. 31, 1999
Partial Amendment No. 3692, Nov. 15, 1999
Partial Amendment No. 3731, Mar. 31, 2000
Partial Amendment No. 3768, Jul. 15, 2000
Whole Amendment No. 3813, Dec. 30, 2000
Partial Amendment No. 3870, Jun. 15, 2001
Partial Amendment No. 3900, Sep. 29, 2001
Partial Amendment No. 3978, Mar. 20, 2002
Partial Amendment No. 4064, Mar. 15, 2003
Amendment of Other Laws No. 4131, Jul. 25, 2003
Partial Amendment No. 4135, Sep. 25, 2003
Whole Amendment No. 4160, Jan. 01, 2004
Partial Amendment No. 4190, May. 25, 2004
Partial Amendment No. 4217, Jul. 20, 2004
Partial Amendment No. 4264, Mar. 17, 2005
Partial Amendment No. 4297, Jul. 21, 2005
Partial Amendment No. 4340, Dec. 29, 2005
Partial Amendment No. 4381, May. 04, 2006
Partial Amendment No. 4408, Jul. 19, 2006
Whole Amendment No. 4459, Jan. 02, 2007
Partial Amendment No. 4611, Mar. 12, 2008
Partial Amendment No. 4652, Jul. 30, 2008
Partial Amendment No. 4717, Dec. 30, 2008
Partial Amendment No. 4786, May. 28, 2009
Partial Amendment No. 4889, Dec. 31, 2009
Partial Amendment No. 4945, Mar. 02, 2010
Whole Amendment No. 5062, Dec. 31, 2010
Partial Amendment No. 5141, Jul. 28, 2011
Partial Amendment No. 5207, Dec. 29, 2011
Partial Amendment No. 5277, Mar. 15, 2012
Partial Amendment No. 5345, Jul. 30, 2012
Partial Amendment No. 5398, Dec. 31, 2012
Partial Amendment No. 5558, Aug. 01, 2013
Partial Amendment No. 5934, May. 14, 2015
Partial Amendment No. 6065, Jan. 07, 2016
Amendment of Other Laws No. 6386, Jan. 05, 2017
Partial Amendment No. 6400, Jan. 05, 2017
Partial Amendment No. 6468, May. 18, 2017
Partial Amendment No. 6866, May. 03, 2018
Amendment of Other Laws No. 6899, Jul. 19, 2018
Whole Amendment No. 6944, Dec. 31, 2018

Amendment of Other Laws No. 7046, Mar. 28, 2019
Comprehensive Amendment No. 7077, Mar. 28, 2019
Partial Amendment No. 7137, May. 16, 2019
Partial Amendment No. 7338, Sep. 26, 2019
Partial Amendment No. 7609, Jul. 16, 2020
Partial Amendment No. 7609, Jul. 16, 2020
Amendment of Other Laws No. 7782, Dec. 31, 2020
Partial Amendment No. 7995, May. 20, 2021
Partial Amendment No. 8217, Dec. 30, 2021
Partial Amendment No. 8343, Mar. 10, 2022
Partial Amendment No. 8395, Apr. 28, 2022
Partial Amendment No. 8609, Mar. 27, 2023

Article 1 (Purpose)

The purpose of this Ordinance is to contribute to the sound development of communities by prescribing matters concerning reduction of or exemption from Seoul Metropolitan Government taxes pursuant to Article 4 of the Restrictions of Special Local Taxation Act, supplementing the functions of Acts and subordinate statutes and assuring the fairness of taxation. <Amended by Ordinance No. 5277, Mar. 15, 2012>

Article 2 (Tax Reduction or Exemption for Vehicles Owned by Persons with Disabilities)

(1) One vehicle (referring to one vehicle for which a person with a disability applies for the first exemption from any tax item of acquisition tax and vehicle tax, and including the cases where he/she registers the transfer or deletion of the former vehicle entry within 60 days after he/she acquires and registers any of the following vehicles to sell the relevant vehicle or put it out of service) among vehicles falling under any of the following, which is acquired for supplemental use and business activities and registered by a person with visual impairment grade IV or equivalent thereto, registered pursuant to the Act on Welfare of Persons with Disabilities, in the name of the person himself/herself or his/her spouse, lineal ascendant or lineal descendant, a spouse of his/her lineal descendant, or his/her brother or sister stated on a resident registration card by household under the Resident Registration Act (when it is registered in the name of any other person other than the person with a disability himself/herself, limited to cases where it is registered jointly with the person with a disability), shall be exempted from acquisition tax and vehicle tax: <Amended by Ordinance No. 5277, Mar. 15, 2012>

1. A passenger automobile falling under any of the following items:

(a) A passenger automobile with engine displacement not exceeding 2000cc;

(b) A passenger automobile with seating capacity of seven to ten persons (excluding an automobile classified as a luxury passenger automobile before December 31, 2000 pursuant to the Motor Vehicle Management Act and automobiles corresponding thereto);

(c) An automobile classified as a passenger automobile from a truck from January 1, 2006 pursuant to the Motor Vehicle Management Act (excluding an automobile that has been classified as a passenger automobile even before December 31, 2005);

2. A bus with seating capacity not exceeding 15 persons;

3. A truck with loading capacity not exceeding one ton;

4. A motorcycle.

(2) Where a person with a disability under paragraph (1) or a person who has registered an automobile jointly with a person with a disability transfers ownership (excluding cases where ownership of a person who may register jointly with a person with a disability is transferred to a person with a disability who has registered jointly with him/her and where the registration thereof is transferred between a person with a disability and a person who may register jointly with a person with a disability or between persons who may register jointly) without death, marriage, emigration, cancellation of a driver's license or other unavoidable causes similar thereto or establishes a separate family within one year from the date of registration of the automobile, the amount of exempt acquisition tax shall be levied.

(3) Where any automobile under paragraph (1) falls under any of the following, regardless of whether it has been registered, a person under paragraph (1) shall not be deemed to own an automobile:

1. An automobile for which an automobile dealer under the Motor Vehicle Management Act proves the fact that he/she has been requested to render a service for trading: Provided, That where a used car is not sold, but is returned to its owner, he/she shall be deemed to own such car;

2. An automobile deemed by the head of a Gu as an automobile that cannot be retrieved or used because it has ceased to exist, has been destroyed or damaged due to a natural disaster, fire, traffic accident, etc.;

3. An automobile which is proved scrapped by a vehicle dismantling and recycling business operator under the Motor Vehicle Management Act;

4. An automobile that has been exported with an export declaration filed with the head of a customs office pursuant to the Customs Act.

Article 3 (Tax Reduction or Exemption for Medical Practice of Religious Organizations)

Acquisition tax on real property acquired by any religious organization (limited to an incorporated foundation established pursuant to the Civil Act) for the purpose of direct use for medical practice pursuant to Article 38 of the Restrictions of Special Local Taxation Act shall be reduced by 25 percent, and property tax prescribed by Article 112 (1) 2 of the Local Tax Act on real property which is directly used for medical practice as of the tax base date shall be reduced by 50 percent.
[This Article Wholly Amended by Ordinance No. 5277, Mar. 15, 2012]

Article 4 (Tax Reduction or Exemption for Performing Arts Venues)

(1) Real property acquired to build and operate a performing arts venue registered pursuant to Article 9 of the Public Performance Act shall be exempt from acquisition tax, and real property (excluding the part of the relevant facilities also used for other purposes) directly used for a performing arts venue as of the tax base date shall be exempt from property tax under Article 112 (1) 2 of the Local tax Act and regional resource and facility tax under Article 146 (2) of the same Act.
(2) Notwithstanding paragraph (1), where real property falls under any of the following, acquisition tax on the relevant part shall be additionally levied:
1. Where real property is not directly used as a performing arts venue or construction works are not commenced until one year passes from the date of acquisition thereof without justifiable grounds;
2. Where real property is sold, donated or used for another purpose even though it has been directly used as a performing arts venue for less than five years.
[This Article Wholly Amended by Ordinance No. 5277, Mar. 15, 2012]

Article 5 (Tax Reduction or Exemption for Recommended Facilities in Cultural Districts)

(1) Acquisition tax on real property acquired for use (including lease) as recommended facilities under subparagraph 2 of Article 2 of Seoul Metropolitan Government Ordinance on the Management and Development of Cultural Districts in the Insa-dong Cultural District designated pursuant to Article 8 of the Culture and Arts Promotion Act shall be reduced by 50 percent, and property tax prescribed by Article 112 (1) 2 of the Local Tax Act on any building and land appurtenant thereto directly used for the relevant purpose as of the tax base date shall be reduced by 50 percent for five years from the date when the first liability for payment of tax occurs.
(2) Acquisition tax on real property acquired for use (including lease) as Class 1 recommended facilities in the Daehakro Cultural District designated pursuant to Article 8 of the Culture and Arts Promotion Act in accordance with a management plan approved as necessary for the conservation, development or promotion of cultural facilities and cultural districts pursuant to subparagraph 2 of Article 2 of Seoul Metropolitan Government Ordinance on the Management and Development of Culture Districts shall be reduced by 50 percent, and property tax prescribed by Article 112 (1) 2 of the Local Tax Act on any building and land appurtenant thereto directly used for the relevant purpose as of the tax base date shall be reduced by 50 percent for five years from the date when the first liability for payment of tax occurs.
(3) For the purpose of paragraphs (1) and (2), where real property falls under any of the following, acquisition tax on the relevant part shall be additionally levied. <Amended by Ordinance No. 5277, Mar. 15, 2012>
1. Where real property is not directly used for the relevant purpose or construction works are not commenced until one year passes from the date of acquisition thereof without justifiable grounds;
2. Where real property is sold, donated or used for another purpose even though it has been directly used for the relevant purpose for less than five years.

Article 6 (Tax Reduction or Exemption for Passenger Automobiles Participating in No-Driving Day Program)

(1) Vehicle tax on the owner of a passenger automobile participating in the no-driving day program of Seoul Metropolitan Government shall be reduced by 50 percent. In such cases, "passenger automobile participating in the no-driving day program" refers to a passenger automobile which is not driven on a specific day of the week between Monday through Friday and which is for non-business purpose, to which an electronic authentication sticker for passenger automobile participating in the no-driving day program issued by Seoul Metropolitan Government is affixed. <Amended by Ordinance No. 5277, Mar. 15, 2012>
(2) When vehicle tax is reduced pursuant to paragraph (1), vehicle tax shall be reduced for the taxable period thereafter based on the date the relevant automobile is confirmed as participating in the no-driving day program.
(3) Notwithstanding paragraphs (1) and (2), where a passenger automobile falls under any of the following, vehicle tax shall not be reduced for the taxable period thereafter (limited to the relevant year) based on the date of the relevant confirmation, and the amount of reduced vehicle tax shall be additionally levied:
1. Where a passenger automobile participating in the no-driving day program is driven on a no-driving day on at least three occasions during the relevant year;
2. Where a passenger automobile participating in the no-driving day program fails to be attached with an electronic authentication sticker or is attached with a damaged sticker.

Article 7 (Tax Reduction or Exemption for Supporting Inducement of Foreign Investment)

With regard to property acquired by a foreign-invested firm to carry on business it has reported, the period for reduction and the percentage of acquisition tax reduced under Article 121-2 (4) 1 of the Restrictions on Special Taxation Act shall be as follows; the

total amount of the amount (hereafter referred to in this Article as "amount of tax subject to reduction") computed by multiplying the computed amount of tax on the relevant property by the percentage of foreign investment shall be exempt for ten years from the commencement of business, and the amount of tax equivalent to 50/100 of the amount of tax subject to reduction shall be reduced for the next five years: Provided, That where such property is subject to additional levy under Article 121-5 (3) of the Restrictions on Special Taxation Act, the amount of reduced or exempt acquisition tax shall be additionally levied.

Article 8 (Tax Reduction or Exemption for Urban Factories in Quasi-Industrial Areas)

Acquisition tax on real property acquired to build or extend an urban factory under Article 28 of the Industrial Cluster Development and Factory Establishment Act in a quasi-industrial area under Article 30 of the Enforcement Decree of the National Land Planning and Utilization Act shall be reduced by 50 percent: Provided, That where construction works are not commenced within one year from the date of such acquisition, without justifiable grounds, or such real property is sold or used for purposes other than for a factory within five years from the said date, the amount of reduced acquisition tax on the relevant part shall be additionally levied.

Article 9 (Tax Reduction or Exemption for Urban Improvement Projects)

(1) Where an unauthorized building eligible for the payment of compensation under Seoul Metropolitan Government Ordinance on Maintenance and Improvement of Urban and Residential Environment is demolished, such unauthorized building shall be exempt from property tax under Article 112 (1) 2 of the Local Tax Act and regional resource and facility tax under Article 146 (2) of the same Act for the relevant year.
(2) Property tax under Article 112 (1) 2 of the Local Tax Act and regional resource and facility tax under Article 146 (2) of the same Act shall be imposed on an unauthorized building under paragraph (1), and where such unauthorized building is demolished, the relevant imposition shall be cancelled.

Article 10 (Tax Reduction or Exemption for Balanced Development Promotion District Projects)

Where a building falls under any of the following, for which a building permit has been issued in conformity with the details of a Class 1 district unit plan determined and announced pursuant to Article 30 of the National Land Planning and Utilization Act according to a detailed project implementation plan referred to in Article 13 (1) of Seoul Metropolitan Government Ordinance on Support for Balanced Regional Development in a balanced development promotion district designated pursuant to Article 5 of the same Ordinance, acquisition tax on the relevant part shall be reduced by 50 percent: Provided, That this shall not apply to any corporation in which case five years have not passed until the date of acquisition thereof after it moved in Seoul Metropolitan Government, and where the building is used for any other purpose within five years from the date of acquisition thereof without justifiable grounds, the amount of reduced acquisition tax on the relevant part shall be additionally levied:
1. A building the total floor area used as the head office or main office of a company under Article 163 of the Commercial Act, which has two or more branches or sub-branches in the Republic of Korea, of which is not less than 20,000 square meters;
2. A building the total floor area of all stores therein used as a department store, shopping center, discount store or specialty store, among large-scale stores under subparagraph 3 of Article 2 of the Distribution Industry Development Act, of which is not less than 30,000 square meters;
3. A building the total floor area used as private teaching facilities under subparagraph 1 of Article 2 of the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons, of which is not less than 3,000 square meters;
4. A building the total floor area used as a movie theater under subparagraph 10 of Article 2 of the Promotion of the Motion Pictures and Video Products Act, of which is not less than 3,000 square meters;
5. A building the total floor area used as a general hospital, hospital or hospital of traditional Korean medicine among medical institutions under Article 3 (2) of the Medical Service Act, of which is not less than 3,000 square meters.

Article 11 (Tax Reduction or Exemption for Traditional Markets)

Any building acquired pursuant to a subsidy support project that is a commercial infrastructure modernization project under Article 20 of the Special Act on Promotion of Traditional Markets and Shopping Districts shall be exempt from acquisition tax, and where such building is used for the same purpose as of the tax base date, the provisions on special property tax treatment (Article 112 (1) 2 of the Local Tax Act) shall apply to such building and it shall be exempt from regional resource and facility tax: Provided, That where the building is not directly used for such project or is sold, or is used for another purpose within three years from the date of acquisition thereof without justifiable grounds, the amount of exempt acquisition tax shall be additionally levied on the relevant part.

Article 12 (Tax Reduction or Exemption for Social Cooperatives)

Acquisition tax on real property which a social cooperative approved pursuant to Article 85 of the Framework Act on Cooperatives acquires in order to directly use it for its own business shall be reduced by 50 percent: Provided, That where the social cooperative falls under any of the following, the reduced acquisition tax on the relevant part shall be additionally collected:
1. Where approval for the establishment of the social cooperative is revoked without just cause within three years from the date it obtains approval for its establishment;
2. Where the social cooperative fails to directly use real property for the relevant purpose without just cause until one year elapses from the date of the acquisition thereof;

3. Where the social cooperative sells or donates real property, or uses real property for other purposes when it has directly used real property for the relevant purpose for less than two years.
[This Article Newly Inserted by Ordinance No. 5558, Aug. 1, 2013]

Article 13 (Reduction of or Exemption from Property Tax Apportionable to Seoul Metropolitan Government)

The reduction of or exemption from property tax apportionable to Seoul Metropolitan Government under Article 9 of the Framework Act on Local Taxes shall be as prescribed by autonomous Gu Ordinance on the reduction of and exemption from taxes of a Gu in which taxable property subject to the relevant property tax is located.

Article 14 (Tax Credit for Payment by Automatic Transfer)

(1) The amount of tax credit according to the classification referred to in the subparagraphs of Article 92-2 (1) of the Restrictions of Special Local Taxation Act shall be as follows: <Amended by Ordinance No. 5277, Mar. 15, 2012>
1. Where a person has applied for payment by automatic transfer only: 150 won per tax notice;
2. Where a person has applied for payment by both electronic transfer and automatic transfer: 500 won per tax notice.
(2) Tax credit under paragraph (1) shall be granted in accordance with the following: <Amended by Ordinance No. 5277, Mar. 15, 2012>
1. Where a City tax and a Gu tax are imposed in one tax notice, a tax credit is granted for a City tax (where a normal tax and an objective tax are imposed in one tax notice, a tax credit is granted for a normal tax);
2. Notwithstanding subparagraph 1, the tax base of local education tax that is an added tax item shall be the amount of tax before a tax credit.
[This Article Newly Inserted by Ordinance No. 5141, Jul. 28, 2011]

Article 15 (Tax Reduction or Exemption for Housing Redevelopment, etc.)

Any person who owns real property, as at the date of the first approval for implementation of a redevelopment project under the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents or as at the date of the first announcement of a residential environment improvement plan in a housing redevelopment project zone or residential environment improvement project zone designated as an improvement zone pursuant to the same Act before March 11, 2008, shall be exempted from acquisition tax by applying Article 74 (3) of the Restrictions on Special Taxation Act and Article 35 (3) 3 and 5 of the Enforcement Decree of the same Act mutatis mutandis. <Amended by Ordinance No. 5277, Mar. 15, 2012>
[This Article Newly Inserted by Ordinance No. 5141, Jul. 28, 2011]

Article 16 (Delegation of Conduct of Administrative Affairs)

Administrative affairs relating to the reduction of or exemption from City taxes under this Ordinance shall be delegated to the head of each Gu and conducted by him/her.

Article 17 (Property Subject to Exclusion from Tax Reduction or Exemption)

When applying tax reduction or exemption under this Ordinance, real property, etc. under Article 13 (5) of the Local Tax Act shall be excluded from property eligible for tax reduction or exemption. <Amended by Ordinance No. 5141, Jul. 28, 2012>

Article 18 (Application for Tax Reduction or Exemption, etc.)

(1) Any person who intends to be eligible for a reduction of or exemption from City taxes pursuant to this Ordinance shall file an application for the reduction of or exemption from local taxes in Form 1 of the Enforcement Rules of the Restrictions on Special Taxation Act with the head of a Gu, along with other documents that may prove such fact: Provided, That where the head of a Gu may recognize that property is eligible for tax reduction or exemption, he/she may grant a tax reduction or exemption ex officio, even if no application has been filed.
(2) Where the head of a Gu receives an application under paragraph (1), he/she shall investigate and determine whether he/she will grant a tax reduction or exemption, and notify an applicant of the details thereof in Form 2 of the Enforcement Rules of the Restrictions on Special Taxation Act.
(3) Where the head of a Gu grants a City tax reduction or exemption pursuant to Article 2, even the head of a Si/Gun/Gu without jurisdiction over the principal place for the use of an automobile may conduct affairs under paragraphs (1) and (2). In such cases, such City tax reduction or exemption shall be deemed granted by the head of a Gu having jurisdiction over the principal place for the use of the automobile.
(4) Where the head of a Si/Gun/Gu without jurisdiction over the principal place for the use of the relevant automobile has conducted affairs referred to in paragraphs (1) and (2) pursuant to paragraph (3), he/she shall transfer all related documents to the head of a Gu having jurisdiction over the principal place for the use of the relevant automobile, without delay.

Article 19 (Submission of Data for Tax Reduction or Exemption)

Any person who is granted a City tax reduction or exemption pursuant to this Ordinance shall submit data relating to such tax reduction or exemption to the head of a Gu. In such cases, the provisions of Article 99 of the Local Tax Act shall apply mutatis mutandis to the submission of data for tax reduction and exemption.

Article 20 (Return and Payment of Amount of Exempt or Reduced Tax)

Where any taxable property, after it has been exempt from acquisition tax pursuant to this Ordinance, is subject to taxation or additional levy, Article 20 (3) of the Local Tax Act shall apply thereto, and where a person fails to file a tax return and to pay a tax, or the amount of tax on which he/she has filed a return and paid is less than the amount of tax computed, Article 21 (1) of the same Act shall apply thereto.

Article 21 (Exclusion from Double Tax Reduction or Exemption)

Where two or more provisions on tax reduction or exemption apply to the reduction of and exemption from local taxes pursuant to Acts and subordinate statutes and this Ordinance on the same taxable property, Article 96 of the Restrictions of Special Local Taxation Act shall apply thereto. <Amended by Ordinance No. 5277, Mar. 15, 2012>

Article 22 (Scope of Direct Use)

For the purpose of the provisions on tax reduction or exemption under special property tax treatment for land under Article 112 (1) 2 of the Local Tax Act, the scope of direct use shall include the construction of a building to be used for affairs eligible for the relevant reduction or exemption.

[This Article Newly Inserted by Ordinance 5141, Jul. 28, 2011]

ADDENDA <Ordinance No. 5558, Aug. 1, 2013>

Article 1 (Enforcement Date)

This Ordinance shall enter into force on the date of its promulgation.

Article 2 (Application Deadline)

This Ordinance shall remain in effect until December 31, 2015.