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
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Partial Amendment No. 4408, Jul. 19, 2006
Whole Amendment No. 4459, Jan. 02, 2007
Partial Amendment No. 4611, Mar. 12, 2008
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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 soundly developing 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 statutory functions and ensuring fair taxation. <Amended by Ordinance No. 5277, Mar. 15, 2012>

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

(1) Acquisition tax and vehicle tax shall be exempted for one motor vehicle prescribed in any subparagraph of Article 17 (1) of the Restriction of Special Local Taxation Act (hereinafter referred to as the "Act"), registered by a person with visual impairment grade IV, registered under the Act on Welfare of Persons with Disabilities (excluding persons, etc. of distinguished services as defined in Article 29 (4) of the Act; hereafter in this Article referred to as "person with a disability") in his/her own name; or which is acquired and registered for supplemental use or business purposes jointly with his/her spouse, lineal ascendant (including remarried spouse of such lineal ascendant), lineal descendant (including children of remarried spouse of such lineal descendant), his/her sibling, or the spouse of his/her lineal descendant stated on the family relationship register defined in the Act on the Registration, etc. of Family Relationships (limited to where his/her spouse or the spouse of his/her lineal descendant is not a Korean citizen) or the resident registration card by household defined in the Resident Registration Act (hereinafter referred to as "resident registration card by household") as a member of his/her household, if such tax reduction or exemption is pre-applied for for any one of the tax items of acquisition tax or motor vehicle tax prescribed in Article 125 (1) of the Local Tax Act (hereinafter referred to as "motor vehicle tax"): <Amended by Ordinance No. 6468, May 18, 2017>

(2) Where a person with a disability acquires a motor vehicle by substitution (meaning re-acquiring a motor vehicle prescribed in any subparagraph of Article 17 (1) of the Act after registering erasement or transfer of a vehicle exempt from acquisition tax under paragraph (1), including where registering the erasement or transfer of a vehicle exempt from acquisition tax under paragraph (1), within 60 days from the date of registration of its acquisition), such vehicle shall be exempt from acquisition tax or vehicle tax as described in paragraph (1). <Amended by Ordinance No. 6468, May 18, 2017>

(3) Where any motor vehicle is acquired by substitution under paragraph (2), acquisition tax and vehicle tax shall be exempted only if the vehicle falls under any of the following: <Amended by Ordinance No. 6468, May 18, 2017>

1. Where re-acquiring a vehicle on which acquisition tax or vehicle tax has been exempted under paragraph (1) after the erasement of such kind of vehicle is registered at least one year after the date of acquisition thereof;
2. Where re-acquiring a vehicle on which acquisition tax or vehicle tax has been exempted under paragraph (1) after registration for the transfer of such kind of vehicle (which means registration for the transfer of such vehicle to a person other than those jointly registered with the relevant person with a disability) is made at least one year after the date of acquisition thereof;
3. and 4. Deleted. <by Ordinance No. 6468, May 18, 2017>

(4) For the purposes of paragraphs (1) and (2), where a person with a disability or anyone jointly registered with such person transfers a vehicle title or establishes a branch family within one year from the registration of such vehicle, in the absence of death, marriage, emigration, revocation of driver's license, or any other inevitable reason similar thereto, exempted acquisition tax shall be additionally levied: Provided, That the forgoing shall not apply where a vehicle title held by anyone entitled to joint registration with a person with a disability, is transferred to the person with a disability; where title in a vehicle is partially transferred from a person with a disability to anyone entitled to joint registration with such person with a disability; or where registration transfer is made between those entitled to joint registration with a person with a disability. <Newly Inserted by Ordinance No. 6468, May 18, 2017>

(5) Where a motor vehicle exempt from acquisition tax or vehicle tax under paragraph (1) or (2) falls under any subparagraph of Article 8 (5) of the Enforcement Decree of the Restriction of Special Local Taxation Act (hereinafter referred to as the "Decree"), it shall be deemed that the relevant person does not own such vehicle, irrespective of whether such vehicle is registered on the ledger. <Newly Inserted by Ordinance No. 6468, May 18, 2017>

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

The "rate prescribed by municipal ordinance" in Article 38 (4) of the Act shall be as follows:

1. Reduction rate for acquisition tax prescribed in Article 38 (4) 1 (a) of the Act: 20 percent;
2. Reduction rate for property tax (limited to property tax prescribed in Article 112 (1) 2 of the Local Tax Act) prescribed in Article 38

(4) 2 of the Act: 50 percent
[This Article Wholly Amended by Ordinance No. 6468, May 18, 2017]

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 at 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 levied additionally:
1. Where real property is not directly used as a performing arts venue or construction works are not commenced until one year after 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 under Article 18 of the Local Culture 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 the first tax liability occurs. <Amended by Ordinance No. 5934, May 14, 2015>
(2) Acquisition tax on real property acquired for use (including lease) as Class-1 recommended facilities in the Daehakro Cultural District designated under Article 18 of the Local Culture 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 the first tax liability occurs. <Amended by Ordinance No. 5934, May 14, 2015>
(3) For the purposes 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; Ordinance No. 6468, May 18, 2017>
1. Where the real property is not 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 the real property is sold, donated or used for another purpose even though it has been used for the relevant purpose for less than five years.

Article 6 Deleted. <by Ordinance No. 6468, May 18, 2017>

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

With regard to property acquired by a foreign-invested firm to operate 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 aggregate (hereafter referred to in this Article as "amount of tax deductable") computed by multiplying the amount of tax assessed 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 deductable 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 expand 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. <Amended by Ordinance No. 5934, May 14, 2015>

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 assessed on an unauthorized building under paragraph (1), and where such unauthorized building is demolished, the relevant assessment shall be cancelled.

Article 10 Deleted. <by Ordinance No. 6065, Jan. 7, 2016>

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 at the tax base date, it 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: 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 exempt acquisition tax shall be additionally levied on the relevant part. <Amended by Ordinance No. 5345, Jul. 30, 2012; Ordinance No. 6065, January 7, 2016>

Article 12 (Tax Reduction or Exemption for Social Cooperatives)
(1) Acquisition tax on real property which a social cooperative authorized under Article 85 or 105-2 of the Framework Act on Cooperatives (hereafter referred to as "social cooperative" in this Article) acquires in order to directly use 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 levied: <Amended by Ordinance No. 6386, Jan. 5, 2017; Ordinance No. 6468, May 18, 2017>
1. Where authorization for establishing the social cooperative is revoked within three years from the date it obtains such authorization;
2. Where the social cooperative fails to directly use the real property for the relevant purpose without just cause withinl one year elapses from the date of acquisition thereof;
3. Where the social cooperative sells or donates real property, or uses real property for other purposes when it has directly used the real property for the relevant purpose for less than two years.
(2) Corporate local income tax on a federation of social cooperatives authorized under Article 114 of the Framework Act on Cooperatives (hereafter in this Article, referred to as "social cooperative, etc.") shall be reduced by 50 percent: Provided, That where the social cooperative, etc. falls under any of the following, the reduced corporate local income tax on the relevant part shall be additionally levied: <Newly Inserted by Ordinance No. 6386, Jan. 5, 2017>
1. Where authorization for the establishment of the social cooperative, etc. is revoked within three years from the date it obtains authorization;
2. Where any ground for dissolution prescribed in the subparagraphs of Article 102 (1) of the Framework Act on Cooperatives (excluding merger and spin-off) occurs within three years from the date the social cooperative, etc. obtains authorization for its establishment.
[This Article Newly Inserted by Ordinance No. 5558, Aug. 1, 2013]

Article 13 (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 on or before March 11, 2008, shall be exempted from acquisition tax by applying Article 74 (3) 4 or 5 of the Act mutatis mutandis. <Amended by Ordinance No. 5277, Mar. 15, 2012; Ordinance No. 6468, May 18, 2017>
[This Article Newly Inserted by Ordinance No. 5141, Jul. 28, 2011]

Article 14 (Tax Reduction or Exemption for Industrial Complexes, etc.)
The "rate prescribed by municipal ordinance" in Article 78 (8) of the Act shall be as follows: <Amended by Ordinance No. 6468, May 18, 2017>
1. Reduction rate additional to the reduction rate prescribed in Article 78 (4) 2 (a) of the Act: 25 percent;
2. Reduction rate additional to the reduction rate prescribed in Article 78 (4) 2 (b) of the Act: 15 percent
[This Article Newly Inserted by Ordinance No. 6065, Jan. 7, 2016]

Article 15 (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. <Amended by Ordinance No. 5558, Aug. 1, 2013>

Article 16 (Tax Credit for Payment by Automatic Transfer)

(1) The amount of tax credit according to the classification set forth in the subparagraphs of Article 92-2 (1) of the Act, shall be as follows: <Amended by Ordinance No. 5277, Mar. 15, 2012; Ordinance No. 6468, May 18, 2017>

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) A tax credit under paragraph (1) shall be granted as follows: <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 17 (Delegated 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 18 (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 19 (Applications 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 Rule of the Restrictions on Special Taxation Act, with the head of a Gu, along with other documents that may evidence such fact: Provided, That when 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 Rule 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 where an automobile is used 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 20 (Submission of Data for Tax Reduction or Exemption)

Any person 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 184 of the Act shall apply mutatis mutandis to the submission of data for tax reduction and exemption. <Amended by Ordinance No. 5934, Mar. 14, 2015; Ordinance No. 6468, May 18, 2017>

Article 21 (Return and Payment of Amount of Exempt or Reduced Tax)

Where any taxable property exempted 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 the relevant tax, or the amount of tax on which he/she has filed a return and paid is less than the amount of tax assessed, Article 21 (1) of the same Act shall apply thereto.

Article 22 (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 180 of the Act shall apply thereto. <Amended by Ordinance No. 5277, Mar. 15, 2012; Ordinance No. 5934, Mar. 14, 2015; Ordinance No. 6468, May 18, 2017>

Article 22-2 (Restriction on Special Cases concerning Local Tax Reduction or Exemption)

Where acquisition tax is exempted (including where acquisition tax is exempted by applying an additional reduction rate prescribed in this Ordinance to the reduction rate prescribed in the Act) in this Ordinance pursuant to Article 177-2 (3) of the Act, the main sentence of Article 177-2 (1) of the Act shall not apply.

[This Article Newly Inserted by Ordinance No. 6468, May 18, 2017]

Article 23 (Scope of Direct Use)

For the purposes of the provisions on reduction or exemption of property tax 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. <Amended by Ordinance No. 6065, Jan. 7, 2016>
[This Article Newly Inserted by Ordinance 5141, Jul. 28, 2011]