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 equitable development of communities by providing for matters concerning the reduction of or exemption from taxes of the Seoul Metropolitan Government pursuant to the Restriction of Special Local Taxation Act, supplementing statutory functions and ensuring fair taxation.

Article 2 (Relationship to Other Statutes and Regulations)

Except as otherwise provided in this Ordinance, the terms used in this Ordinance shall be as defined in the Restriction of Special Local Taxation Act (hereinafter referred to as the “Act”) and the Enforcement Decree of the Restriction of Special Local Taxation Act (hereinafter referred to as the “Decree”).

Article 3 (Tax Reduction or Exemption for Motor Vehicles Owned by Visually Impaired Persons)

(1) With respect to a visually impaired person under any of the following subparagraphs as at the time of registration of such person as a person with a disability (excluding persons of distinguished services to the State, etc. defined in Article 29 (4) of the Act, but including persons who were registered as having visual impairment Grade IV prior to the enforcement date (July 1 of 2019) of the Act on Welfare of Persons with Disabilities (Act No. 15270) and are maintaining the relevant disability grade as of the date of formation of tax liability for such person for the tax item applied for tax reduction or exemption; hereafter in this Article referred to as “person with a disability”), among the visually impaired persons registered as a “person with a mild disability” pursuant to Article 32 of the Act on Welfare of Persons with Disabilities, Article 2 of the Enforcement Decree of the same Act, and Articles 3 through 7 of the Enforcement Rule of the same Act, the acquisition tax and the motor vehicle tax shall be exempt respectively until December 31, 2021 for one motor vehicle under any of the subparagraphs of Article 17 (1) of the Act, which is registered for supplemental use or business purposes under the name of such person with a disability or jointly with the spouse, lineal blood relatives, siblings, the spouse of a lineal blood relative of a person with a disability, or lineal blood relatives or siblings of the spouse of such person with disability stated on the family relation register defined in the Act on Registration of Family Relations (limited to where the spouse or the spouse of a lineal descendant of such person 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 the household of such person, if such tax reduction or exemption is first applied for either of the tax items of acquisition tax or motor vehicle tax under Article 125 (1) of the Local Tax Act (hereinafter referred to as "motor vehicle tax"): <Amended by Ordinance No. 7137, May 16, 2019; Ordinance No. 7609, Jul. 16, 2020>

1. A person whose vision of the better eye is greater than 0.06 but not more than 0.1;
2. A person whose visual field of both eyes is greater than five degrees but not more than 10 degrees in all directions.

(2) In applying paragraph (1), where a person with a disability and a person registered jointly with such person pursuant to that paragraph file for alien registration pursuant to Article 31 of the Immigration Act and are granted the status of permanent residency pursuant to Article 10-3 of that Act, a registered alien record and an alien registration card under Article 34 (1) of that Act (hereinafter referred to as “registered alien record, etc.”) may substitute for a family relation register and a resident registration card by household. <Newly Inserted by Ordinance No. 7609, Jul. 16, 2020>

(3) Where a person with a disability acquires a motor vehicle by substitution (referring to the reacquisition of a motor vehicle under any subparagraph of Article 17 (1) of the Act after registering the erasure or transfer of a motor vehicle exempt from acquisition tax under paragraph (1), including where registering the erasure or transfer of a motor vehicle exempt from acquisition tax under paragraph (1) within 60 days from the date of registration of its acquisition), such motor vehicle shall be exempt from acquisition tax and motor vehicle tax respectively, according to the methods prescribed in paragraph (1). <Amended by Ordinance No. 7609, Jul. 16, 2020>

(4) Where any motor vehicle is acquired by substitution under paragraph (3), the acquisition tax and motor vehicle tax shall be exempt respectively only when the motor vehicle falls under any of the following cases: <Amended by Ordinance No. 7609, Jul. 16, 2020>

1. In cases of the reacquisition of a motor vehicle, on which acquisition tax or motor vehicle tax has been exempt pursuant to

paragraph (1), after registering the erasure of such motor vehicle at least one year after the date of acquisition thereof;
2. In cases of the reacquisition of a motor vehicle, on which acquisition tax or motor vehicle tax has been exempt pursuant to paragraph (1), after registering the transfer of such motor vehicle (referring to registering the transfer of such motor vehicle to a person other than those jointly registered with the relevant person with a disability) at least one year after the date of acquisition thereof.
(5) For the purposes of paragraphs (1) and (3), 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 date of registration of such motor vehicle, in the absence of death, marriage, emigration, revocation of driver's license, or any other inevitable reason similar thereto, the exempted acquisition tax shall be additionally collected: 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 the title to a motor 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. <Amended by Ordinance No. 7609, Jul. 16, 2020>
(6) Where a motor vehicle exempt from acquisition tax and motor vehicle tax under paragraphs (1) and (3) falls under any subparagraph of Article 8 (5) of the Decree, it shall be deemed that the relevant person does not own such motor vehicle irrespective of whether such motor vehicle is registered on the ledger. <Amended by Ordinance No. 7609, Jul. 16, 2020>

Article 4 (Tax Reduction or Exemption for Medical Practice of Religious Organizations)

"Rate prescribed by municipal ordinance" in Article 38 (4) 1 of the Act means any of the following rates:
1. The reduction rate for acquisition tax under Article 38 (4) 1 (a) of the Act: 20/100;
2. The reduction rate for property tax under the main sentence of Article 38 (4) 1 of the Act (limited to property tax under Article 112 (1) 2 of the Local Tax Act): 50/100.
[This Article Wholly Amended by Ordinance No. 7077, Mar. 28, 2019]

Article 5 (Tax Reduction or Exemption for Performance Halls)

(1) Real property acquired to establish and operate a performance hall registered pursuant to Article 9 of the Public Performance Act shall be exempt from acquisition tax until December 31, 2021; and real property (excluding the part of the relevant facilities also used for other purposes, if any) directly used as a performance hall as of the tax base date shall be exempt from property tax under Article 112 (1) 2 of the Local Tax Act and local resource and facility tax under Article 146 (2) of the same Act respectively, until December 31, 2021.
(2) Where the real property exempt from acquisition tax under paragraph (1) falls under any of the following subparagraphs, the acquisition tax on the relevant part shall be additionally collected:
1. Where construction work is not commenced or the real property is not directly used as a performance hall until one year passes after the date of acquisition thereof, without good cause;
2. Where the real property is sold, donated or used for another purpose when the period of direct use as a performance hall is less than five years.

Article 6 (Tax Reduction or Exemption for Recommended Facilities in Cultural Districts)

(1) The acquisition tax on real property acquired for use (including lease) as recommended facilities under subparagraph 2 of Article 2 of the Seoul Metropolitan Government Ordinance on the Management and Promotion of Culture Districts in the Insa-dong Cultural District designated pursuant to Article 18 of the Regional Culture Promotion Act shall be reduced by 50/100 until December 31, 2021; and the property tax under 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 50/100 for three years from the date the first tax liability occurs.
(2) The acquisition tax on real property acquired for use (including lease) as Class-1 recommended facilities in the Daehak-ro Cultural District designated pursuant to Article 18 of the Regional 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 the Seoul Metropolitan Government Ordinance on the Management and Promotion of Culture Districts shall be reduced by 50/100 until December 31, 2021; and the property tax under 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 50/100 for three years from the date the first tax liability occurs.
(3) Where any real property exempt from acquisition tax under paragraphs (1) and (2) falls under any of the following subparagraphs, the acquisition tax on the relevant part shall be additionally collected:
1. Where construction work is not commenced or the real property is not used (including lease) for the relevant purpose until one year passes from the date of acquisition thereof without good cause;
2. Where the real property is sold, donated or used for another purpose when the period of direct use for the relevant purpose (including lease) is less than five years.

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

With regard to property acquired by a foreign-invested firm to operate business it has reported, the reduction period and the reduction rate of its acquisition tax under Article 121-2 (4) 1 of the Restriction of Special Taxation Act shall be as follows: the aggregate computed by multiplying the amount of tax assessed on the relevant property by the percentage of foreign investment (hereafter in this Article referred to as "amount of tax deductible") 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 deductible shall be reduced for the next five years.

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

The 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 50/100 until December 31, 2021: Provided, That the amount of reduced acquisition tax on the relevant part shall be collected additionally in any of the following cases:

1. Where construction work is not commenced within one year from the date of acquiring such real property without good cause;
2. Where such real property is sold, donated or used for purposes other than for a factory within five years from the date of acquisition thereof.

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

(1) Where a specified unauthorized building defined in subparagraph 1 of Article 2 of the Seoul Metropolitan Government Ordinance on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents (hereinafter referred to as “specified unauthorized building”) is demolished, such specified unauthorized building shall be exempt from property tax under Article 112 (1) 2 of the Local Tax Act and local resource and facility tax under Article 146 (2) of the same Act respectively, until December 31, 2021.

(2) Where a specified unauthorized building is demolished after the property tax under Article 112 (1) 2 of the Local Tax Act or the local resource and facility tax under Article 146 (2) of the same Act is imposed, the imposition of the relevant tax for the relevant year shall be cancelled.

Article 10 (Tax Reduction or Exemption for Traditional Markets)

Where a subsidy or local subsidy is provided for a project for modernizing commercial infrastructure pursuant to Article 20 of the Special Act on the Development of Traditional Markets and Shopping Districts, a building acquired to implement the relevant project shall be exempt from acquisition tax until December 31, 2021; and a building directly used for the purpose of the relevant project as of the tax base date shall be exempt from property tax under Article 112 (1) 2 of the Local Tax Act and local resource and facility tax under Article 146 (2) of the same Act respectively, until December 31, 2021: Provided, That the exempted acquisition tax on the relevant part shall be collected additionally in any of the following cases:

1. Where the building is not directly used for the purpose of such project within three years from the date of acquisition thereof without good cause;
2 Where the building is sold, donated or used for another purpose within three years from the date of acquisition thereof.

Article 11 (Tax Reduction or Exemption for Social Cooperatives)

(1) The acquisition tax on real property which a social cooperative authorized under Article 85 or 105-2 of the Framework Act on Cooperatives (hereafter in this Article referred to as "social cooperative") acquires to directly use such real property for its own business shall be reduced by 50/100 until December 31, 2021: Provided, That the reduced acquisition tax on the relevant part shall be collected additionally in any of the following cases:

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 until one year passes from the date of acquisition thereof without good cause;
3. Where the social cooperative sells or donates the real property or uses it for another purpose when the period of direct use for the relevant purpose is less than two years.

(2) The corporate local income tax on a social cooperative or 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 50/100 until December 31, 2021: Provided, That the reduced corporate local income tax on the relevant part shall be collected additionally in any of the following cases:

1. Where authorization for establishing the social cooperative, etc. is revoked within three years from the date of obtaining such authorization;
2. Where any ground for dissolution under the subparagraphs of Article 102 (1) of the Framework Act on Cooperatives (excluding merger and spin-off) arises within three years from the date the social cooperative, etc. obtains authorization for its establishment.

Article 12 (Tax Reduction or Exemption for Housing Redevelopment)

In cases of the following real property acquired on or before March 11, 2008 in a housing redevelopment project zone or residential environment improvement project zone designated as an improvement zone pursuant to the previous Act on the Improvement of

Urban Areas and Residential Environments (referring to the Act on the Improvement of Urban Areas and Residential Environments before being amended by Act No. 8974), acquisition tax shall be exempt until December 31, 2021: Provided, That the exempted acquisition tax shall be additionally collected when the real property becomes subject to taxation under Article 13 (5) of the Local Tax Act within five years from the date of acquisition thereof or when it is constructed in violation of any of the relevant statutes or regulations:

1. A housing unit with an area for exclusive use of up to 85 square meters (where settlement money is to be paid pursuant to the Act on the Improvement of Urban Areas and Residential Environments, including the real property corresponding to the relevant settlement money) that the owner of real property (including heirs of such owner; hereafter in this Article the same shall apply) as of the date of initial approval of a project implementation plan for a redevelopment project under the Act on the Improvement of Urban Areas and Residential Environments acquires from an implementer of a redevelopment project under Article 74 (3) 1 of the Act;
2. A housing unit that the owner of real property as of the date of the first public notice of a residential environment improvement plan under the Act on the Improvement of Urban Areas and Residential Environments acquires by means of making improvements thereto by such owner pursuant to Article 23 (1) 1 of the same Act; or a housing unit with an area for exclusive use of up to 85 square meters that the owner of real property acquires from an implementer of a residential environment improvement project under subparagraph 4 of the same paragraph.

Article 13 (Tax Reduction or Exemption for Industrial Complexes)

"Rate prescribed by municipal ordinance" in Article 78 (8) of the Act means any of the follow rates:

1. The reduction rate additional to the reduction rate prescribed in Article 78 (4) 2 (a) of the Act shall be 25/100;
2. The reduction rate additional to the reduction rate prescribed in Article 78 (4) 2 (b) of the Act shall be 15/100.

Article 14 (Tax Reduction or Exemption for Urban Natural Park Zones)

With respect to any land, building and housing (the definition of each term shall be as defined in subparagraphs 1 through 3 of Article 104 of the Local Tax Act) that is altered to and designated as an urban natural park zone under Article 38-2 of the National Land Planning and Utilization Act among the urban planning facilities under subparagraph 7 of Article 2 and Article 5 (1) of the same Act, of which topographic map was publicly notified pursuant to Article 32 of the same Act and which has remained as a park unexecuted for at least 10 years, property tax under Article 112 (1) 2 of the Local Tax Act shall be exempt until December 31, 2021.

Article 15 (Reduction of or Exemption from Property Tax Belonging to the Seoul Metropolitan Government)

The reduction of or exemption from property tax belonging to the Seoul Metropolitan Government under Article 9 (1) and (2) of the Framework Act on Local Taxes shall be as prescribed by ordinance on tax reduction and exemption of an autonomous Gu in which the property subject to the relevant property tax is located.

Article 16 (Tax Credit for Payment by Automatic Transfer)

(1) The amount of tax credit classified under the subparagraphs of Article 92-2 (1) of the Act shall be as follows:

1. Where a person has applied for payment by electronic transfer only or payment by automatic transfer (referring to automatic transfer by a credit card or a bank account; hereinafter the same shall apply) 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) The tax credit under paragraph (1) shall be granted as follows:

1. Where a Seoul Metropolitan Government tax and a Gu tax are imposed in one tax notice, a tax credit is granted for a Seoul Metropolitan Government 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.

Article 17 (Delegation of Administrative Affairs)

Administrative affairs regarding the reduction of or exemption from the Seoul Metropolitan Government taxes under this Ordinance shall be delegated to and conducted by the head of each Gu.

Article 18 (Property Subject to Exclusion from Tax Reduction or Exemption)

Real property, etc. under Article 13 (5) of the Local Tax Act shall be excluded from property eligible for tax reduction or exemption, where the application of tax reduction or exemption under this Ordinance occurs.

Article 19 (Applications for Tax Reduction or Exemption)

(1) Any person who wishes to be granted a reduction of or exemption from a Seoul Metropolitan Government tax under this Ordinance shall submit an application for reduction of or exemption from local taxes in attached Form 1 of the Enforcement Rule of the Restriction of Special Local Taxation Act to the head of a Gu, along with other documents that may evidence such fact: Provided, That where the head of a Gu can verify the eligibility for tax reduction or exemption, such head may grant a tax reduction or exemption ex officio even where no application has been filed therefor.

(2) Where the head of a Gu receives an application under paragraph (1), such head shall investigate and determine whether a tax

reduction or exemption may be granted and notify the relevant applicant of the details thereof in attached Form 2 of the Enforcement Rule of the Restriction of Special Local Taxation Act.
(3) Where a Seoul Metropolitan Government tax is to be reduced or exempted pursuant to Article 2, even the head of a Si/Gun/Gu without jurisdiction over the principal place where a motor vehicle is used may conduct affairs under paragraphs (1) and (2). In such cases, such tax reduction or exemption shall be deemed granted by the head of a Gu having jurisdiction over the principal place of use of the motor vehicle.
(4) Where the head of a Si/Gun/Gu without jurisdiction over the principal place of use of the relevant motor vehicle has conducted affairs under paragraphs (1) and (2) pursuant to paragraph (3), such head shall immediately transfer all relevant documents to the head of a Gu having jurisdiction over the principal place of use of the relevant motor vehicle.

Article 20 (Submission of Information for Tax Reduction or Exemption)

Any person granted the reduction of or exemption from a Seoul Metropolitan Government tax pursuant to this Ordinance shall submit information relating to such tax reduction or exemption to the head of a Gu. In such cases, Article 184 of the Act shall apply mutatis mutandis to the submission of information on tax reduction and exemption.

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

Where any taxable property granted a reduction of or exemption from acquisition tax pursuant to this Ordinance becomes subject to taxation or additional collection, 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 where the amount of tax which such person has filed a return on and paid is less than the amount of tax assessment, Article 21 (1) of the same Act shall apply thereto.

Article 22 (Exclusion from Double Tax Reduction or Exemption)

Where at least two provisions on tax reduction or exemption apply to reducing or exempting local taxes pursuant to statutes, regulations and this Ordinance on the same taxable property, Article 180 of the Act shall apply thereto.

Article 23 (Restriction on Special Cases concerning Local Tax Reduction or Exemption)

Where acquisition tax is exempt (including where acquisition tax is exempt by applying an additional reduction rate provided by 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, with the exception of its proviso, shall not apply.

Article 24 (Scope of Direct Use)

For the purposes of the provisions on reducing or exempting property tax on 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.