SEOUL METROPOLITAN GOVERNMENT ENFORCEMENT RULE OF THE ORDINANCE ON SUPPORT FOR FOREIGN INVESTMENT

Enactment No. 3458, Nov. 17, 2005
Partial Amendment No. 3516, Nov. 16, 2006
Amendment of Other Laws No. 3549, May. 31, 2007
Partial Amendment No. 3575, Sep. 13, 2007
Amendment of Other Laws No. 3598, Jan. 31, 2008
Partial Amendment No. 3756, Jul. 01, 2010
Amendment of Other Laws No. 3831, Dec. 29, 2011
Partial Amendment No. 3867, Aug. 09, 2012
Partial Amendment No. 4092, Jun. 02, 2016
Amendment of Other Laws No. 4303, Oct. 10, 2019
Partial Amendment No. 4369, Oct. 15, 2020
Amendment of Other Laws No. 4461, Jan. 13, 2022

Article 1 (Purpose)

The purpose of this Rule is to provide for matters necessary for the enforcement of the Seoul Metropolitan Government Ordinance on Support for Foreign Investment. <Amended on Aug. 9, 2012; Oct. 10, 2019>

[This Article Wholly Amended on Jul. 1, 2010]

[Title Amended on Jun. 2, 2016]

Article 2 (Definitions)

The terms used in this Rule are defined as follows: <Amended on Sep. 13, 2007; Jul. 1, 2010; Aug. 9, 2012; Jun. 2, 2016; Oct. 10, 2019; Oct. 15, 2020>

1. The term "foreign-investment-inducement project" means a project for attracting investment managed and operated in accordance with the foreign investment inducement plan formulated and implemented by the Mayor of the Seoul Metropolitan Government (hereinafter referred to as the "Mayor");
2. The term "number of full-time employees" means the number of persons who provide labor to an enterprise in return for wages at an independent place of business and also the monthly average number of people for a pertinent year who can be verified by means of employment insurance premium payment records under Article 13 of the Act on the Collection of Insurance Premiums for Employment Insurance and Industrial Accident Compensation Insurance (the places below the decimal point are rounded off): Provided, That this shall not include foreigners, fixed-term employees defined in subparagraph 1 of Article 2 of the Act on the Protection of Fixed-Term and Part-Time Employees, who are on an employment contract for a period of less than a year, and part-time employees defined in Article 2 (1) 9 of the Labor Standards Act;
3. The term "new growth engine industries" means the following eight industries nurtured by the Seoul Metropolitan Government as new engines for economic growth; and the types of businesses belonging to such industries are provided for in attached Table 2:

(a) IT convergence;
(b) Digital content industry;
(c) Green industry;
(d) Business service industry;
(e) Fashion and design;
(f) Financial services;
(g) Tourism and convention services;
(h) Bio-medical services.

Article 3 (Scope of Medium and Small Enterprises)

"Medium and small enterprises" in Article 7 of the Seoul Metropolitan Government Ordinance on Support for Foreign Investment (hereinafter referred to as the "Ordinance") means the medium and small enterprises defined in Article 2 of the Framework Act on Small and Medium Enterprises. <Amended on Oct. 10, 2019>

[This Article Wholly Amended on Jul. 1, 2010]

Article 4 (Guidelines for Payment of Rewards)

(1) The performance in inducement of foreign investment under Article 8 of the Ordinance shall be categorized by type of business, and the amount of a reward payable shall be calculated in accordance with the standards as specified in attached Table 1. <Amended on Aug. 9, 2012>

(2) The amount of a reward payable under paragraph (1) may be adjusted within the range of 50 to 200 percent, taking into consideration the level of contribution to boosting the economy, which shall not exceed 500 million won. <Amended on Aug. 9, 2012; Oct. 10, 2019>
(3) The reward for a declared amount may be paid within the maximum of 20 percent of the reward for an amount which has arrived under paragraph (1) or (2). In such cases, at least 50 percent of the amount of foreign investment reported shall arrive within three years from the date such report is filed. <Amended on Oct. 15, 2020>
(4) If a reward is paid for a foreign-invested amount that has arrived after a reward under paragraph (3) was paid, such reward shall be paid after deducting the amount of the reward already paid pursuant to paragraph (3).
(5) No reward shall be paid in addition to a reward under the main clause of Article 14-3 (2) of the Foreign Investment Promotion Act (hereinafter referred to as the "Act"). <Amended on Oct. 15, 2020>
(6) If a person obtains a reward by fraud or other wrongful means, the Mayor shall recover the reward fully or partially, as determined by the Mayor.
[This Article Wholly Amended on Jul. 1, 2010]

Article 5 (Procedure for Payment of Rewards)

(1) In order to pay a reward, the division primarily responsible for foreign-investment-inducement project shall prepare a report on the payment of the reward in attached Form 1. In such cases, the degree of contribution to the inducement of the investment at each stage, such as negotiations for the inducement of the foreign investment and the execution of a memorandum of understanding, shall be taken into consideration.
(2) When a report on the payment of a reward is prepared in accordance with paragraph (1), the Mayor shall determine the eligibility for the payment of the reward, the amount of the reward, the contribution ratio, etc. through deliberation by the committee for deliberation on support for inducement of foreign investment under Article 10 (hereinafter referred to as the "committee").
(3) Rewards shall be paid at least once year, but a reward not paid during the same year, if any, shall be paid in the following year.
[This Article Wholly Amended on Jul. 1, 2010]

Article 6 (Guidelines for Payment of Subsidies)

(1) An employment subsidy under Article 15 of the Ordinance shall not exceed 200 million won per foreign-invested enterprise. <Newly Inserted on Jun. 2, 2016>
(2) An education and training subsidy under Article 16 of the Ordinance shall be paid, not exceeding 200 million won per foreign-invested enterprise, only where education and training courses are completed at a vocational education and training institution defined in Article 2 of the Vocational Education and Training Promotion Act. <Newly Inserted on Jun. 2, 2016; Oct. 15, 2020>
(3) Subsidies under paragraphs (1) and (2) shall be paid in accordance with the following guidelines. In such cases, new employment or education and training arising from foreign investment shall be realized within five years from the date of the relevant investment (the initial investment or additional investment): <Amended on Jun. 2, 2016; Oct. 15, 2020>
1. Eligibility: A foreign-invested enterprise which invests in a new growth engine industry or concludes with the Seoul Metropolitan Government a memorandum of understanding on the attraction of foreign investment and whose foreign investment ratio under Article 5 of the Act records at least 30/100;
2. Standards for payment: Payment shall be made according to the following standards:
(a) Only where the number of full-time employees resulting from foreign investments has increased by more than five persons between the year preceding the year the application for a subsidy is filed and the year two years prior to the year of such filing, a subsidy may be given for the number of full-time employees in excess of the five persons;
(b) Notwithstanding item (a), an enterprise related to the foreign-investment-inducement project promoted by the Seoul Metropolitan Government under Article 2, with which the Seoul Metropolitan Government has concluded a memorandum of understanding for attracting foreign investment, is eligible for a subsidy corresponding to the increase in the number of full-time employees resulting from the foreign investment between the year preceding the year an application for a subsidy is filed and the year two years prior to the year of such filing;
(c) In applying items (a) and (b), an enterprise established in the year preceding the year of filing an application shall be paid a subsidy corresponding to the average number of full-time employees for the most recent three months as of Dec. 31 of the year of establishment;
3. Amount payable: A subsidy of up to one million won per month for a maximum of six months for each of the increased full-time employees resulting from foreign investment according to the payment standards specified in subparagraph 2.
[This Article Wholly Amended on Aug. 9, 2012]

Article 7 (Procedures for Payment of Subsidies)

(1) A foreign-invested enterprise that intends to receive an employment subsidy or a subsidy for education and training shall submit

an application for payment of a subsidy in attached Form 2 and a report on the current status of full-time employees in attached Form 3 to the Mayor in the year after it performs new employment and conducts education and training by referring to attached Table 2. <Amended on Jun. 2, 2016>
(2) Upon receipt of an application under paragraph (1), the Mayor shall make a decision on whether to pay the subsidy, the amount of payment, etc. according to the results of deliberation by the Committee for Deliberation on Support for Inducement of Foreign Investment under Article 10.
(3) A subsidy determined to be paid pursuant to paragraph (2) shall be paid in a lump sum, but shall be paid during the following year, if it is impracticable to pay it during the pertinent year.
[This Article Wholly Amended on Aug. 9, 2012]

Article 8 (Follow-up Management of Payment of Subsidies)

(1) A foreign-invested enterprise shall maintain at least 30/100 of the number of full-time employees and the foreign investment ratio during the year before filing an application for payment of a subsidy for three years, including the year in which an application for payment of a subsidy is filed. <Amended on Jun. 2, 2016>
(2) Where a foreign-invested enterprise falls under any of the following, the Mayor may wholly or partially revoke his or her decision to pay a subsidy, and shall collect such subsidy upon revoking such: <Amended on Jun. 2, 2016>
1. Where it uses the subsidy for another purpose;
2. Where it obtains the subsidy by filing a false application or by other fraudulent means;
3. Where it violates a requirement under paragraph (1).
(3) Where a foreign-invested enterprise which has been paid a subsidy relocates to any other City/Do, the Mayor may collect the relevant subsidy. <Amended on Jun. 2, 2016>
(4) The Mayor shall conduct inspections for the post management of subsidies every year as at the year in which a foreign-invested enterprise applies for payment of a subsidy. <Newly Inserted on Jun. 2, 2016>
(5) The Seoul Metropolitan Government Ordinance on the Management of Local Subsidies shall apply mutatis mutandis to matters not prescribed by this Rule regarding post management of subsidies. <Newly Inserted on Jun. 2, 2016>
[This Article Wholly Amended on Aug. 9, 2012]

Article 9 (Eligibility for Relaxation of Restrictions on Construction Works)

"Foreign-invested enterprises that are recognized to have a great impact on the regional economy" in Article 19 of the Ordinance means any of the following enterprises:
1. A foreign-invested enterprise that builds or expands a factory or place of business in order to engage in a business of industrial support service business or a business accompanying high technology under Article 121-2 (1) 1 of the Restriction of Special Taxation Act or a strategic industry, if the foreign investment in such a business amounts to 10 million U.S. dollars or more;
2. A foreign-invested enterprise that builds or expands a factory or place of business in order to conduct research and development activities of a business of industrial support service business or a business accompanying high technology under Article 121-2 (1) 1 of the Restriction of Special Taxation Act, if the foreign investment in such a business amounts to five million U.S. dollars or more;
3. A foreign-invested enterprise that builds or expands a factory or place of business, if the foreign investment amounts to 100 million U.S. dollars or more.
[This Article Wholly Amended on Jul. 1, 2010]

Article 10 (Committee for Deliberation on Support for Inducement of Foreign Investment)

(1) In order to deliberate on matters concerning the payment and collection of rewards, employment subsidies, and education or training subsidies under Articles 4, 6, and 7, the Mayor shall establish a committee for deliberation on support for inducing foreign investment (hereinafter referred to as "Deliberative Committee") under his or her jurisdiction. <Amended on Jun. 2, 2016>
(2) The Deliberative Committee shall be comprised of not exceeding 10 members including the chairperson, in consideration of gender equality: <Amended on Jun. 2, 2016>
(3) The Mayor shall appoint or commission members of the Deliberative Committee from among the following persons whenever the Deliberative Committee holds a meeting; and shall terminate the appointment or commission thereof simultaneously upon closing of the relevant meeting: <Newly Inserted on Jun. 2, 2016>
(a) External members: Experts in the relevant field, who have knowledge and experience in foreign-invested business;
(b) Internal members: Public officials of at least Grade IV in the Headquarters of the Seoul Metropolitan Government, in charge of affairs concerning foreign investment.
(4) The chairperson shall be elected from among the members. <Newly Inserted on Jun. 2, 2016>
(5) The Deliberative Committee shall have one administrative secretary for the efficient operation thereof; and the Grade V officer in charge of foreign investment shall serve as the administrative secretary. <Amended on Jun. 2, 2016>

(6) The Deliberative Committee shall hold meetings when needed, and hold its meetings when a majority of the constituent members are present and pass resolutions when a majority of the members present give consent. <Newly Inserted on Jun. 2, 2016>
(7) The Deliberative Committee may pay an allowance to members, etc. who attend its meetings, within the budget: Provided, That the foregoing shall not apply where a member who is a public official attends its meetings in direct relation to his/her duties. <Newly Inserted on Jun. 2, 2016>
(8) Other necessary matters concerning the operation of the Deliberative Committee shall be prescribed by the chairperson after obtaining approval from the Deliberative Committee. <Amended on Jun. 2, 2016>
(9) The Seoul Metropolitan Government Ordinance on the Management of Local Subsidies and the Seoul Metropolitan Government Ordinance on the Establishment and Operation of Various Committees shall apply mutatis mutandis to matters not prescribed by this Rule in relation to the composition and operation of the Deliberative Committee. <Newly Inserted on Jun. 2, 2016>
[This Article Wholly Amended on Jul. 1, 2010]

Article 11 (Exclusion and Abstention of Committee Members)

(1) If a committee member or the chairperson has a direct interest in a case brought before the committee for deliberation, such a committee member or the chairperson shall not be permitted to participate in the deliberation and resolution on the case.
(2) If a committee member or the chairperson has an excuse under paragraph (1), he or she may abstain from participating in the deliberation and resolution on the case.
(3) If the chairperson is absent from a meeting of the committee due to exclusion, abstention, etc., an acting chairperson shall be elected by and from among committee members.
[This Article Wholly Amended on Jul. 1, 2010]

Article 12 (Organization and Operation of Investment Inducement Taskforce)

(1) In accordance with Article 6-2 of the Ordinance, the Mayor may organize and operate an investment inducement taskforce consisting of up to 20 senior and working-group members as follows in order to facilitate attraction of investment:
1. Senior members: Renowned industrial leaders from target areas, high-ranking executive officers and employees of investment inducement institutions, foreign investors, etc.;
2. Working-group members: Experts from specialized investment inducement institutions home and abroad, accountants, attorneys-at-law, journalists, entrepreneurs, etc.
(2) A senior member shall actively publicize the foreign investment environment of Seoul by participating in foreign investment attraction activities, investment information sessions, etc. promoted by the Mayor.
(3) A working-group member shall participate in investment attraction talks so that potential foreign investors identified by the Mayor and senior members can make investments.
(4) The Mayor may financially support senior members and working-group members in travel expenses and allowances, within budgetary limits, as follows:
1. Expenses incurred in participating in promotional activities for attracting investment and investment information sessions in order to identify potential foreign investors;
2. Payment for a report on market trends in new growth engine industries;
3. Other expenses associated with the collection of data and other activities conducted in the process of investment attraction negotiations.
(5) The Mayor may decommission a senior or working-group member where the member desires so or is no longer able to perform his or her duties due to diseases, injury to dignity, or other equivalent grounds.
[This Article Newly Inserted on Oct. 15, 2020]