SEOUL METROPOLITAN GOVERNMENT FRAMEWORK ORDINANCE ON MUNICIPAL TAXES

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CHAPTER GENERAL PROVISIONS

Article 1 (Purpose)

CHAPTER GENERAL PROVISIONSThe purpose of this Ordinance is to provide for matters delegated pursuant to the Framework Act on Local Taxes and matters necessary for the enforcement thereof.

Article 2 (Definitions)

Terms used in this Ordinance shall be defined as follows:

1. "Tax officer" refers to the Mayor of the Seoul Metropolitan Government (hereinafter referred to as the "Mayor") or a public official to whom his/her authority is delegated;
2. "Mail" means ordinary mail or registered mail (including certified mail) under the Enforcement Decree of the Postal Service Act and the Enforcement Rule of the Postal Service Act.

Article 3 (Relationship to other Acts and Subordinate Statutes)

Except as otherwise provided for specifically in the Framework Act on Local Taxes (hereinafter referred to as the "Act"), the Enforcement Decree of the Framework Act on Local Taxes (hereinafter referred to as the "Decree"), and the Enforcement Rules of the Framework Act on Local Taxes (hereinafter referred to as the "Enforcement Rule"), the imposition and collection of municipal taxes of the Seoul Metropolitan Government (hereinafter referred to as "municipal taxes") shall be governed by this Ordinance.

Article 4 (Tax Items)

(1) Municipal taxes shall be classified into general taxes and special-purpose taxes.

(2) General taxes shall be as follows:

1. Acquisition Tax;
2. Leisure Tax;
3. Tobacco excise tax;
4. Local consumption tax;
5. Resident tax;
6. Local income tax;
7. Vehicle tax;
8. Property tax that is the municipal tax of the Special Metropolitan Government under Article 9 (1) and (2) of the Act;
9. Property tax under Article 112 (1) 2 and (2) of the Local Tax Act.

(3) Special-purpose taxes shall be as follows:

1. Tax on regional resources and facilities;
2. Local education tax.

Article 5 (Delegation of Administrative Work relating to Imposition and Collection)

(1) Except as otherwise provided for in any other regulation or except where the Mayor enters into an agreement on the entrustment of administrative work with another local government, the Mayor shall delegate his/her authority for administrative work relating to the imposition and collection of municipal taxes (hereinafter referred to as "imposition and collection") to the head of the Gu having jurisdiction over the place in which a taxable subject matter is situated.

(2) The head of each Gu may re-delegate his/her delegated authority for the administrative work relating to tax payment notices and reminder notices for tax payment, the disposition of delinquent taxes, the receipt of additional charges to municipal taxes and surtaxes, and other work considered particularly necessary to public officials under his/her control and the head of each Dong,

among administrative work delegated to him/her pursuant to paragraph (1) in relation to the imposition and collection of municipal taxes.
(3) Notwithstanding paragraph (1), the Mayor shall directly impose and collect municipal taxes in any of the following cases:
1. Tobacco excise tax;
2. Vehicle tax on mileage of each vehicle;
3. Local consumption tax;
4. Municipal taxes delinquent with an autonomous Gu by a person, upon whom any municipal taxes imposed by the head of the Gu but delinquent (limited only to taxes for the previous year; the same shall apply hereafter in this Article) amount to five million won or more per case (excluding additional charges) (hereafter referred to as "large-sum municipal tax delinquent" in this Article).
(4) If a municipal tax under paragraph (3) 4 falls under any of the following subparagraphs, it shall be excluded from municipal taxes delinquent in a large amount within the extent of the cancelled or changed amount of the municipal tax:
1. Where the tax is a municipal tax of which a notice is given in addition to, or along with, a Gu tax;
2. Where a lawsuit is pending with a court (including cases where an objection, appeal for review, or appeal for adjudication is pending pursuant to the Act or the Board of Audit and Inspection Act) or where the tax is confirmed as a rehabilitative claim in rehabilitation proceedings under the Debtor Rehabilitation and Bankruptcy Act (hereinafter referred to as the "Debtor Rehabilitation Act") as of the closing date of a fiscal year when the tax is imposed;
3. Where the tax is cancelled or changed due to the occurrence of an event that requires the cancellation or change of the tax imposed.
(5) A disposition made by the head of a Gu against a delinquent municipal tax under paragraph (3) 4 shall be deemed a disposition made by the Mayor. In such cases, if an objection, appeal for review, appeal for adjudication, or lawsuit is filed against the disposition made by the head of a Gu, the head of a Gu shall take charge of the case.
(6) Notwithstanding paragraph (1), the Mayor may directly conduct a tax investigation in any of the following cases:
1. A corporation whose capital is not less than five billion won or which has not less than 100 employees;
2. A person who acquires a taxable subject matter with a value of not less than five billion won;
3. A person whose non-taxable, exempted or abated taxes are not less than 100 million won;
4. A person who acquires a high-class place of amusement or any luxurious asset;
5. Where a person evades a local tax illegally or a person is found to have a local tax illegally refunded or abated and thus the competent head of a Gu requests to conduct an investigation or the Mayor considers it necessary, except cases under subparagraphs 1 through 4.

Article 6 (Indirect Submission of Documents, etc.)

(1) A report or any other document that shall be submitted to the Mayor in accordance with this Ordinance shall be submitted through the head of the Gu having jurisdiction of the tax domicile.
(2) Where a report on the acquisition of a parcel of land, a building, or any similar property is filed and where a report is filed in accordance with provisions regarding property tax, the tax return on the tax on regional resources and facilities is deemed to be filed in regard to the specific real estate in the same case relating to such a report.

Article 7 (Extension of Deadline due to Natural Disasters, etc.)

(1) A taxpayer who wishes to have a deadline extended pursuant to Article 26 of the Act shall file an application with the Mayor or the head of the Gu having jurisdiction over his/her tax domicile before the deadline lapses.
(2) When the Mayor or the head of a Gu extends a deadline pursuant to Article 26 (1) of the Act, the relevant additional charges shall be imposed from the time the extended deadline lapses.

Article 8 (Method of Service of Documents)

(1) Service of a document under Article 30 of the Act means a delivery made by a tax officer in person, by mail, or by electronic means: Provided, That a tax payment notice or a reminder notice for tax payment shall be served in person, by registered mail, or by electronic means.
(2) Notwithstanding the proviso to paragraph (1), a tax payment notice or a reminder notice for tax payment may be served by ordinary post, if the tax base date and the deadline for payment are fixed, the relevant tax is a municipal tax imposed and notified every year, and the tax amount per notice is less than 300,000 won.
(3) When a document is served by registered mail, the receipt of special mail shall be demanded and filed in the service report, and the service shall be also recorded in the service report, which shall be preserved, when a document is served in person. In such cases, the date of service and the person who receives the document shall be recorded in the service report, which shall be preserved, and the person who receives the document shall be required to affix his/her signature or seal (if a person refuses to affix his/her signature or seal, the fact of refusal shall be stated in detail), while, if a person refuses to receive a document and so the document is left in the place of service, a report on service by leaving shall be prepared and shall be attached to the service report.
(4) "As prescribed by Municipal Ordinance" in Article 11 of the Decree means that the head of a Gu delegates or entrusts the service of a document to the head of a Dong/Tong/Ban. When the service of documents is entrusted to heads of Tong/Ban, the

education on the service of notices shall be conducted in advance.
(5) Where service is entrusted pursuant to paragraph (4), agents may be reimbursed for expenses therefor within budget.

Article 9 (Service Report of Ordinary Mail)

Matters regarding the service report of ordinary mail under Article 30 (6) of the Act, where a document is served by ordinary mail, shall be prescribed by Rule. In such cases, the date stamp of the dispatching post office shall be required and preserved.

Article 10 (Special Exception to Nationwide Registration of Motor Vehicles with No Jurisdiction)

(1) Where a registering authority in any area, other than the area within the jurisdiction of the Seoul Metropolitan Government, which has no jurisdiction over the area in which a motor vehicle is used, processes the registration of the motor vehicle pursuant to Article 5 (2) of the Motor Vehicle Registration Rules, the registration may be entrusted to the registering authority that processes the registration, notwithstanding Article 20 of the Local Tax Act and Article 33 of the Enforcement Decree of the Local Tax Act.
(2) Where a registering authority is entrusted to process a report regarding acquisition tax imposed on a motor vehicle when it processes the registration of the motor vehicle with its base of use in any area other than the area within the jurisdiction of the Seoul Metropolitan Government pursuant to Article 5 (2) of the Motor Vehicle Registration Rules, the registering authority shall dispatch relevant documents by electronic means to the Mayor or the head of a Gun/Gu having jurisdiction over the area in which a motor vehicle is used, within three days from the day on which the relevant documents are filed.

CHAPTER   IMPOSITION AND COLLECTION

Article 11 (Service of Tax Payment Notices to Joint Taxpayers, etc.)

CHAPTER   IMPOSITION AND COLLECTION(1) Tax payment notices to joint taxpayers shall be served to each of the joint taxpayers, along with a list of joint taxpayers attached thereto.
(2) As regards to a municipal tax on any property owned in common, for which each co-owner is liable to pay the tax in proportion to his/her share, a tax payment notice of the municipal tax that shall be paid according to each co-owner's share shall be served to each co-owner, along with a list of taxpayers for the property owned in common.

Article 12 (Disposition against Secondary Taxpayers)

If a taxpayer pays a delinquent municipal tax or there is any other asset seized, the Mayor or the competent head of a Gu shall cancel the designation of the secondary taxpayer and notify the person of the cancellation immediately.

Article 13 (Priority in Collection of Municipal Taxes and Gu Taxes)

The order in which local taxes shall be collected is municipal taxes and Gu taxes, and if municipal taxes or Gu taxes consist of general taxes and special-purpose taxes, the special-purpose taxes shall be collected first.

Article 14 (Inspection of Past-Due Municipal Taxes, etc.)

(1) An application for the inspection of past-due municipal taxes shall be filed by a tenant: Provided, That if an application is filed by a person who has a family relationship under the Act on the Registration, etc. of Family Relationship with a tenant, the applicant may be permitted to conduct such inspection after verifying the relationship.
(2) No tax officer who receives an application for the inspection of past-due municipal taxes pursuant to paragraph (1) shall furnish the applicant with any document thereon (including computer outputs).

Article 15 (Restriction on Permission, etc.)

When the Mayor or the head of a Gu requests a competent authority not to grant a permit, authorization, or license or accept an application for registration pursuant to Article 65 (2) of the Act or not accept a report under Article 48 (2) of the Decree or not grant a permit to renew such a report, he/she shall notify the taxpayer concerned of such request without delay.

Article 16 (Provision of Data about Tax Delinquency and Deficit Disposal)

(1) Persons about whom data about delinquency or deficit disposal may be provided pursuant to Article 66 (1) of the Act shall be as follows:
1. Where a delinquent taxpayer owes delinquent taxes of five million won or more as of the day on which such data is provided and any of whose taxes has been delinquent for more than one year since the date on which the tax became overdue or the person has records of tax delinquencies on three or more occasions during one year;
2. Where a person owes taxes disposed of as deficit as of the date on which such data is provided (limited to cases with the extinctive prescription period not expired yet for the collectible claim) and the amount of such taxes is at least five million won.
(2) Data that may be provided to credit information agencies with regard to tax delinquency or deficit disposal shall be as follows:
1. The name and resident registration number of a delinquent taxpayer (or the business registration number or the corporate registration number, if a taxpayer is a corporation);
2. The tax item and payment deadline of the delinquent municipal tax, the amount delinquent (or disposed of as deficit), and the

date of deficit disposal.
(3) When a tax officer provides data about tax delinquency or deficit disposal, he/she may compile the data about tax delinquency or deficit disposal into a file and may provide it to credit information agencies on a quarterly basis. In such cases, if the data about tax delinquency or deficit disposal provided to one of credit information agencies can be used also by other credit information agencies, such data may be provided only to the agency.
(4) If an error exists in data about tax delinquency or deficit disposal provided to credit information agencies or if any of the following events occurs after data about tax delinquency or deficit disposal is provided, notice shall be given to credit information agencies to make a correction on the data about tax delinquency or deficit disposal initially provided:
1. Where a taxpayer has paid the tax or the deficit disposal has been cancelled;
2. Where a ground exists to suspend collection or an objection or an administrative lawsuit is pending;
3. Data about tax delinquency or deficit disposal with the extinctive prescription period completed for the claim for the collection of the municipal tax.

Article 17 (Municipal Tax Collection Subsidies)

(1) When the head of a Gu collects a municipal tax and transfers it to the Metropolitan Government, the Mayor shall grant a collection subsidy under Article 55 of the Decree for expenses incurred in processing to the Gu by not later than the end of the following month: Provided, That no collection subsidy shall be granted for local education tax and property tax allocated to the Special Metropolitan Government.
(2) The amount of collection subsidies granted under paragraph (1) shall be calculated by applying the subsidization guidelines in which 50 percent of the collected amount and the number of collected cases shall be reflected.

Article 18 (Deposit, etc.)

(1) The amount of money allocated but not paid yet to a creditor may be deposited in the competent court or the Municipal Treasury in accordance with Article 72 of the Act: Provided, that if six months pass after an amount is deposited in the Municipal Treasury, the amount shall be deposited in the competent court.
(2) When an amount of money is deposited pursuant to paragraph (1), a notice of the deposit shall be given to the relevant creditor, and the notice shall be accompanied by a statement of allocation.
(3) As to the amount of money payable to a delinquent taxpayer, paragraphs (1) and (2) shall also apply mutatis mutandis.

Article 19 (Collection Prior to Payment Deadline and Seizure)

If a person fails to pay the full amount of a municipal tax by the deadline designated after receiving a notice of the change of the payment deadline under Article 73 (2) of the Act or fails to pay the vehicle tax on a motor vehicle owned by him/her, his/her property may be seized without necessarily proceeding to the reminder procedure.

Article 20 (Appropriation of Refundable Municipal Taxes, etc.)

(1) Where a refundable municipal tax is appropriated pursuant to Article 76 (2) of the Act, the date on which the appropriation is requested shall be deemed the date on which the tax is refunded for tax payment.
(2) As to the order of appropriation of refundable municipal taxes under Article 76 (2) of the Act, Article 13 shall apply mutatis mutandis.

Article 21 (Notice of Refundable Municipal Taxes, etc.)

(1) When the Mayor or the head of a Gu discovers refundable municipal taxes, he/she shall verify whether there are delinquent taxes or municipal taxes due through the local tax information and communications network and then, if taxes remain delinquent, shall notify the Mayor or the competent head of a Gu immediately of the list of persons entitled to the payment of the refundable municipal taxes.
(2) Upon receiving a notice under paragraph (1), the Mayor or the head of a Gu shall seize the right to claim the refundable municipal tax immediately and shall notify the Mayor or the head of a Gu who holds the refundable municipal tax of the seizure of the right to claim.
(3) A notice of refundable municipal tax shall be served by mail to the address of the person entitled to the payment, or in person.
(4) If the notice of a refundable municipal tax under paragraph (3) is returned due to the unknown whereabouts of the addressee, the details of return shall be recorded and maintained, and another notice shall be served to a verified address after verifying the correct address.
(5) If another notice is issued but returned again, the mail shall be preserved for five years after the completion of the procedure for service by public notice.

Article 22 (Application for Suspension of Collection, etc.)

A person who desires to have collection suspended or any similar disposition made pursuant to Article 80 of the Act shall file an application with the Mayor or the head of the Gu having jurisdiction over his/her tax domicile.

Article 23 (Processing of Suspension of Collection, etc.)

(1) Where a taxpayer files an application for suspension of collection or similar disposition in accordance with Article 67 or 68 of the Decree, the competent tax officer shall examine the details of the application and the security, verify whether such details are true by conducting an on-the-site inspection or any similar action, and then make a decision whether to suspend collection or make a similar disposition.
(2) When the competent tax officer suspends collection or makes a similar disposition, he/she shall enter such disposition in the collection register and other relevant records.

Article 24 (Revoking Suspension of Collection, etc.)

If the suspension of collection is revoked pursuant to Article 84 of the Act, the municipal taxes related thereto shall be collected all at once. If a notice of payment in installments has been given, the total amount for which the payment deadline has not come yet shall be imposed and collected all at once.

Article 25 (Demand for Security for Tax Payment)

Pursuant to Articles 26 (2) and 82 of the Act, the Mayor or the head of a Gu shall demand security for tax payment: Provided, That no security for tax payment shall be requested in any of the following cases, unless any exceptional circumstance exists:
1. Where payment deadline is extended or collection is suspended due to a cause under Article 80 (1) 1 of the Act;
2. Where payment deadline is extended or collection is suspended for all taxpayers in a specific area;
3. Where security has been already provided or an asset has been seized and it is considered that there is no problem in securing claims for municipal taxes with the asset.

Article 26 (Safekeeping of Security for Tax Payment)

(1) A tax officer shall keep certificates mentioned under any of the following subparagraphs received as security for tax payment in a strong safe or request the Municipal Treasury to keep them, if he/she has no safe:
1. A receipt of deposit of cash or securities;
2. A certificate of registration of national bonds or local government bonds;
3. A letter of guarantee issued by a finance company;
4. An insurance policy for guarantee of tax payment;
5. A letter of guarantee issued by a surety for tax payment;
6. A certificate of registration or recordation of the creation of a mortgage on a parcel of land, a building, a factory estate, a mining estate, a ship, an airplane, or a construction machine.
(2) When the municipal Treasury is requested to keep certificates pursuant to paragraph (1), the certificates shall be transferred in exchange for a relevant document without any exception.

SECTION 1 Seizure and Cancellation of Seizure

Article 27 (Seizure of Assets Requiring Registration or Recordation)

SECTION 1 Seizure and Cancellation of Seizure(1) Where it is intended to seize assets requiring registration or recordation at the time of the transfer of a right, an inquiry shall be made with respect to the following matters before seizing the asset: Provided, That such an asset may be seized before making an inquiry, if an urgent action is required:
1. Whether there is a right to lease on a deposit basis, a pledge right, or a mortgage on the asset and the type of a right to the asset, if any, the date of creation of the right, the name and address of the creditor, and the effective period of the right to the claim;
2. Restrictions on ownership and other matters necessary for seizure.
(2) Where it is intended to seize real property, the seizure shall be executed after inspecting the relevant register of real property: Provided, That real property may be seized before conducting an inspection, if an urgent action is required, and in such cases, actual conditions shall be inspected before commencing public sale.

Article 28 (Seizure of Conditional Claims)

(1) A conditional claim, such as a deposit for guaranteeing one's fidelity and a deposit for a contract, may be seized even before the condition is fulfilled: Provided, That the seizure shall be cancelled immediately, if the claim is not established.
(2) If an obligor fails to perform an obligation by the deadline for performance even after receiving a notice of seizure of a claim under paragraph (1), a peremptory notice shall be given.
(3) If a person fails to perform an obligation by the deadline given by a peremptory notice pursuant to paragraph (1), the competent tax payer shall file a claim by subrogation on behalf of the creditor in accordance with civil litigation procedures: Provided, That the seizure of a claim may be cancelled, if it is found that the obligor is not capable of performing an obligation.

Article 29 (Preservative Seizure Prior to Final Determination of Taxes)

If it is intended to seize a taxpayer's assets before a tax obligation is finally determined pursuant to Article 91 (2) of the Act, the tax obligation shall be specifically determined within three months, but the seizure shall be cancelled if it fails to finally determine the tax obligation even after the lapse of three months.

Article 30 (Search)

(1) If a tax officer searches a delinquent taxpayer's assets but fails to find any asset seizable, he/she shall prepare a seizure report on which he/shall sign and affix his/her seal jointly with the delinquent taxpayer or two or more witnesses present at the scene.
(2) A certified transcript of a search report prepared pursuant to paragraph (1) shall be issued to the located taxpayer or witnesses present at the scene.
(3) A search shall be conducted only during hours between sunrise and sunset: Provided, That a search commenced before sunset may continue after sunset.
(4) As regards a place of business under Article 32 of the Enforcement Decree of the National Tax Collection Act, which is open for business mainly during evening hours, a search of such a place of business may begin even after sunset: Provided, That a search of a residential facility shall be discontinued immediately after sunset.

Article 31 (Power to Inquire and Inspect)

If a tax officer is unable to identify the location or quantity of assets to be seized in disposing of a delinquent tax, he/she may inquire into any of the following persons or inspect account books, documents, and other things to identify the location and other facts.:
1. The delinquent taxpayer;
2. A person who has transactions with the delinquent taxpayer;
3. A person who possesses the taxpayer's asset;
4. A person who has a claim against, or owes an obligation to, the taxpayer;
5. A corporation of which the delinquent taxpayer is a shareholder or a partner;
6. A shareholder or partner of the delinquent taxpayer corporation.

Article 32 (Selection of Witnesses)

(1) When a tax officer conducts a search or an inspection pursuant to Article 30 or 31, he/she shall have the person against whom the search or inspection is conducted or any of his/her family members or cohabitants or any of his/her administrative staff or employees to be a witness present at the scene.
(2) If no one is available as a witness to be present at the scene under paragraph (1) or no one is willing to serve as a witness present at the scene, two or more persons from among public officials in the competent autonomous Gu or resident center, or one or more police officers shall be present at the scene as witnesses.

Article 33 (Disposition of Property Owned in Common on Delinquent Tax)

If an asset that shall be seized is property owned in common, the delinquent taxpayer's share thereof shall be disposed of on the delinquent tax, but if the share is not clearly identifiable, the share shall be disposed of on the delinquent tax, deeming that shares thereof are equal: Provided, That the whole of property owned in common shall be seized, if the property shall be disposed of on a municipal tax that all business partners or joint users under Article 44 (1) of the Act jointly owe the obligation to pay.

Article 34 (Seizure of Continuing Income)

(1) When the Mayor or the head of a Gu seizes any salary, wage, annual allowance, retirement or severance benefit, annuity, or any similar claim, he/she shall continue follow-up management so as to ensure that the obligor manages the continuing income properly.
(2) "Any similar claim" in paragraph (1) means a right to claim receivables from a contract made for continuing payments, such as a right to claim rents under a lease or rental contract.

Article 35 (Conscientious Taxpayers Eligible for Suspension of Disposition of Delinquent Tax)

"Conscientious taxpayer" in Article 95 (1) 1 of the Act means a person who has fully paid three or more taxes (limited to the acquisition tax, the income-proportional local income tax, the property tax, the vehicle tax on owned vehicle, and the property-proportional resident tax) each year during the latest three years until the year immediately before a tax becomes delinquent.

SECTION 2 Disposition

Article 36 (Claim to Pay upon Bankruptcy Declaration)

SECTION 2 DispositionA claim to pay shall be filed against a bankruptcy administrator as follows:
1. If the value of a seized asset is, or is anticipated to be, less than the amount collectible, a claim to pay the deficiency shall be filed as a superior claim with the bankruptcy administrator;
2. If a person who provided security for tax payment is declared bankrupt and it is intended to sell the security through a public sale to dispose of the delinquent tax, a claim to pay the deficiency or anticipated deficiency shall be filed by exercising a separate right after completing the procedure under Article 447 of the Debtor Rehabilitation Act: Provided, That if the bankruptcy administrator

intends to sell the asset, a claim to pay the amount collectible shall be filed.

Article 37 (Public Sale)

(1) Assets provided as security for tax payment and assets subject to a right to lease on a deposit basis, a pledge right, or a mortgage, and incorporeal property rights, among seized movable assets, real property, securities, and other assets, shall be separated from other assets to be sold by public sale: Provided, That cash shall be excluded herefrom.
(2) If delinquent taxes can be fully satisfied from some proceeds from a public sale when two or more assets are to be put to the public sale in a package, the public sale of residual assets shall be discontinued.
(3) The Mayor or the head of a Gu shall inquire into the current status of seized assets, commission of public sales, and direct sales to ascertain the reasons seized assets have not been directly sold or public sale of such assets have not been commissioned within two months after seizure and shall directly sell assets that can be sold by public sale or shall commission to hold public sale of such assets promptly, if the principal of delinquent municipal taxes (including surtaxes) is not less than ten million won.

Article 38 (Suspension of Public Sale)

(1) When an objection, appeal for review, or appeal for adjudication is filed, the relevant public sale of seized assets shall be suspended ex officio pursuant to Article 126 (1) of the Act even without the relevant taxpayer's petition therefor.
(2) The period of the suspension of public sale under paragraph (1) shall be 30 days from the date on which a decision is made on an objection, appeal for review, or appeal for adjudication.
(3) When an objection, appeal for review, or appeal for adjudication is filed after a request for public sale of seized assets is made to the Korea Assets Management Corporation or any similar agency, the suspension of the sale during the period under paragraph (2) shall be requested immediately.

Article 39 (Method of Allocation)

Proceeds from a sale of seized assets, seized cash, and cash received from a third obligor shall be disposed of as follows: Provided, That the proceeds from a sale of rights to a state-owned or public asset shall be appropriated first for the consideration payable for the asset:
1. Where an asset subject to a right to lease on a deposit basis, a pledge right, or a mortgage and any other asset is sold, the proceeds from the sale shall be appropriated for collectibles in the following order:
(a) Proceeds from the sale of assets not subject to a right to lease on a deposit basis, a pledge right, or a mortgage;
(b) Proceeds from the sale of assets subject to a right to lease on a deposit basis, a pledge right, or a mortgage, which has priority over municipal taxes.
2. Municipal taxes shall be collected first, if the holder of a right to lease on a deposit basis or a pledge right or a mortgagee under Article 99 (1) 3 of the Act fails to provide the proof under Article 86 (1) of the Enforcement Decree of said Act by the day immediately before the date of public sale;
3. The proceeds from the sale of an asset subject to a right to lease on a deposit basis, a pledge right, or a mortgage shall be distributed to creditors in the order of registration of their rights;
4. The amount distributable to each creditor shall be distributed in the order: Interest then principal;
5. The residue, if any, after proceeds are appropriated for expenses for the disposition of delinquent taxes, additional charges, municipal taxes, and claims shall be paid to the delinquent taxpayer;
6. Even where the holder of a right to lease on a deposit basis or a pledge right or a mortgagee who does not fall under Article 99 (1) 3 of the Act fails to go through the process for exercising his/her right, the residue from public sale shall be distributed to the holder of the right to lease on a deposit basis or the pledge right or the mortgagee;
7. If a transfer of ownership of real property disposed of on delinquent tax is registered, the residue of proceeds from the sale for the disposition of the delinquent tax shall be paid to the actual owner;
8. The residue from the sale of an asset subject to provisional seizure shall be paid to the owner, not to the person who provisionally seizes the asset.

Article 40 (Discontinuance of Disposition of Delinquent Tax and Public Notice thereof)

(1) If it is anticipated that no residue is likely to occur from the estimated value of total assets subject to disposition of delinquent taxes after appropriating it for expenses for the disposition of delinquent taxes, the disposition of delinquent taxes shall be discontinued.
(2) If an asset subject to disposition of delinquent taxes is the asset provided as security for a claim defined in Article 99 (1) 3 of the Act but if it is anticipated that no residue is likely to occur from the estimated value of the asset subject to the sale after appropriating it for expenses for the disposition of delinquent taxes and the claim, the disposition of delinquent taxes shall be discontinued.
(3) When the disposition of delinquent taxes is discontinued pursuant to paragraph (1) or (2), the fact shall be publicly notified of for ten days through a daily newspaper or the Official Bulletin or the bulletin board of the Metropolitan Government or the competent Gu.
(4) When the disposition of delinquent taxes is discontinued pursuant to paragraph (3), the seizure of the asset shall be cancelled

without delay.

SECTION 3 Disposition of Delinquent Taxes while Rehabilitation Proceedings Pending

Article 41 (Dispositions upon Decision Made to Commence Rehabilitation Proceedings)

SECTION 3 Disposition of Delinquent Taxes while Rehabilitation Proceedings PendingWhen an application for the commencement of rehabilitation proceedings is filed and a decision is made to commence rehabilitation proceedings, the competent tax officer shall make dispositions, having due regard to the following matters:
1. Making statements in accordance with Articles 40 and 44 of the Debtor Rehabilitation Act;
2. Filing a petition with the competent court to order the continuance of the disposition of delinquent taxes, where it is found that the collection of municipal taxes during the period of suspending the disposition of delinquent taxes under Article 58 (3) of the Debtor Rehabilitation Act is unlikely to obstruct the rehabilitation of the relevant corporation:
3. Extending the period of suspending the disposition of delinquent taxes under Article 58 (3) of the Debtor Rehabilitation Act.

Article 42 (Reporting of Tax Claims)

(1) When a decision is made to commence rehabilitation proceedings, the competent tax officer shall report tax claims to the competent court as rehabilitation claims without delay pursuant to Articles 148, 149, 152, and 156 of the Debtor Rehabilitation Act.
(2) Tax claims to be reported as rehabilitation claims shall be the delinquent tax amount at the time when a decision is made to commence rehabilitation proceedings and municipal taxes for which tax obligations have arisen until such time, and tax claims arising from secondary tax obligations shall be also reported. In such cases, municipal taxes for which tax obligations have arisen shall undergo final determination.
(3) A report on tax claims shall be filed by the time when a meeting of interested parties is convened in order to examine a proposed rehabilitation plan, and an increase or a decrease shall be reported, if there is a change in the report initially filed.

Article 43 (Guidelines for Consent to Proposed Rehabilitation Plan)

(1) The consent to the suspension of collection for a period exceeding three years with regard to tax claims in a rehabilitation plan under Article 140 of the Debtor Rehabilitation Act shall be given discreetly after examining all relevant facts adequately: Provided, That no consent shall be given in any of the following cases:
1. Where it is concluded that a company has no chance of rehabilitation;
2. Where a rehabilitation plan applies the principle of fair and equitable grade according to the seniority of rights under Article 217 (1) of the Debtor Rehabilitation Act even to tax claims;
3. Where any other ground similar to that under subparagraph 1 or 2 exists.
(2) A tax officer may give conditional consent with a condition that the part considered unreasonable in a rehabilitation plan to which the competent court has given consent shall be modified. In such cases, the competent tax officer shall verify before the meeting of interested parties for adopting the rehabilitation plan, whether the demand to modify has been reflected in the modified rehabilitation plan.
(3) If an approved rehabilitation plan differs from the consented one, the competent tax officer shall file an immediate appeal within 14 days from the date on which the decision to approve the rehabilitation plan is made pursuant to Articles 13 and 247 of the Debtor Rehabilitation Act.

Article 44 (Measures while Rehabilitation Proceedings Pending)

(1) If a proposed rehabilitation plan is finally determined and adopted and the rehabilitation plan is approved by the competent court, the competent tax officer shall properly continue follow-up management to check whether municipal tax claims are satisfied in the course of the implementation of the rehabilitation plan.
(2) The disposition of delinquent taxes shall be executed in any of the following cases, even while the rehabilitation plan is implemented:
1. Where the administrator fails to pay delinquent municipal taxes in breach of the rehabilitation plan;
2. Where any new tax becomes delinquent while the rehabilitation plan is implemented;
(3) If any municipal tax refund occurs while rehabilitation proceedings are pending, such refund shall be disposed of as follows:
1. If a municipal tax claim arises after a decision is made to commence rehabilitation proceedings, such refund shall be appropriated for the claim immediately;
2. If there are only municipal tax claims included in the rehabilitation plan, such a refund shall be appropriated by exercising the offset right under Article 144 of the Debtor Rehabilitation Act or for claims for public interest.

Article 45 (Suspension of Collection Following Court Decision of Approval)

If a court decides to approve a rehabilitation plan, the competent tax officer shall dispose of delinquent taxes, the collection of which has been suspended, in accordance with the rehabilitation plan by applying the suspension of collection, etc. under relevant

Acts and subordinate statutes and Articles 23 and 24.

Article 46 (Securing Priority of Local Taxes)

(1) Since municipal taxes are senior to a right to lease on a deposit basis, a pledge right, or a mortgage registered on or after the statutory deadline or the defenses under Article 3-2 (2) of the Housing Lease Protection Act or Article 5 (2) of the Commercial Building Lease Protection Act and the fixed date on the relevant lease contract pursuant to Article 99 (1) 3 of the Act, measures shall be taken to secure priority, having due regard to the following matters:
1. Where the tax authority shall determine, correct, or determine to occasionally assess the tax base and the amount of municipal tax, the date of issuing a notice is deemed the statutory deadline, and therefore the date shall be entered accurately in the report on dispatch of the notice, which shall be subject to follow-up management;
2. Where a municipal tax is collected from a secondary taxpayer or a taxpayer who owes the duty to pay the tax in kind, the date of issuing the tax payment notice is deemed the statutory deadline, and therefore the date shall be entered accurately in the report on dispatch of the notice, which shall be subject to follow-up management.
(2) If a taxpayer made an agreement on the establishment of a right to lease on a deposit basis, a pledge right, or a mortgage, an agreement on provisional registration, or an agreement on the establishment of security by means of transfer within a blood-relative or any other specially-related person with intent to evade the disposition of delinquent taxes, such an agreement is presumed a false agreement made by conspiration and therefore necessary measures, such as filing a claim with the competent court to nullify the relevant act, shall be taken and relevant assets shall be seized.

Article 47 (Calculation of Effective Period of Right to Lease on Deposit Basis, etc.)

The effective period of a right to lease on a deposit basis, a pledge right, or a mortgage under Article 99 (1) 3 of the Act shall begin on the date on which such a right is registered on the relevant register or original official record.

CHAPTER SUPPLEMENTARY PROVISIONS

Article 48 (Disclosure of List of Large-sum and Habitually Delinquent Taxpayers)

CHAPTER SUPPLEMENTARY PROVISIONS(1) Upon receiving a request from the head of a Gu, the Mayor shall deliberate on persons subject to the disclosure of the list of large-sum and habitually delinquent taxpayers under Article 140 of the Act whose delinquent taxes are at least 100 million won (referring to persons whose delinquent local taxes, municipal taxes and Gu taxes, are at least 100 million won) and disclose the list.
(2) The procedure for the disclosure of lists under paragraph (1) and other necessary matters shall be prescribed by Rules.

Article 49 (Local Tax Deliberation Committee)

The Local Tax Deliberation Committee of the Seoul Metropolitan Government (hereinafter referred to as the "Committee") shall be established in order to have the Committee examine, or deliberate on and resolve the matters under Article 141 of the Act.

Article 50 (Committee's Meetings, etc.)

(1) The Committee shall hold meetings from time to time.
(2) The Committee chairperson shall appoint members in writing, whenever he/she convenes a meeting.

Article 51 (Operation of Committee)

(1) If the Committee needs supplementary explanation, it may summon an expert, petitioner, reference witness, or appropriate public official to hear his/her opinion or may require such a person to submit evidentiary materials.
(2) When it is intended to extend the period for determination pursuant to Article 116 (3) of the Act, a decision may be made in writing without necessarily convening a meeting of the Committee.
(3) The Committee may have a senior secretary and a secretary in order to have them carry out administrative work of the Committee, the Grade-V officer responsible for administrative work of the Committee shall serve as the senior secretary, while the officer in charge of administrative work of the Committee shall serve as the secretary, and the senior secretary may attend meetings of the Committee to make statements.
(4) When the Committee chairperson holds a meeting of the Committee, he/she shall prepare and keep minutes of the meeting.
(5) Other matters necessary for the operation of the Committee shall be prescribed by Rules.

Article 52 (Examination and Resolution)

(1) The Committee chairperson shall have a voting right, and a bill is deemed rejected if votes are equally divided.
(2) The Committee chairperson shall submit resolutions on items of the agenda examined or deliberated and resolved in writing to the Mayor.

Article 53 (Dismissal of Members)

The Mayor may dismiss a commissioned member from office even during his/her term of office, if the Committee member falls

under any of the following subparagraphs:
1. If a Committee member is unable to attend meetings of the Committee due to illness or any other event;
2. If a Committee member forfeits the status that he/she held when he/she was commissioned;
3. If a Committee member fails to pay delinquent local taxes without a justifiable cause;
4. If a Committee member degrades his/her dignity as a committee member.

Article 54 (Enforcement Rule)

Necessary matters regarding the enforcement of this Ordinance shall be prescribed by Rules.

ADDENDA <Ordinance No. 5069, Jan. 13, 2011>

Article 1 (Enforcement Date)

This Ordinance shall enter into force on the date of its promulgation but shall apply from January 1, 2011 on.

Article 2 (General Applicability)

This Ordinance shall be applicable to local taxes for which a tax obligation arises on or after the date on which this Ordinance becomes applicable.

Article 3 (General Transitional Measure)

The collection of municipal taxes imposed or to be imposed pursuant to the previous provisions before this Ordinance enters into force, shall be governed by the previous provisions.