

Legal 500

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South Korea

Private Client

Contributor

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This country-specific Q&A provides an overview of private client laws and regulations applicable in South Korea.

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South Korea: Private Client

1. Which factors bring an individual within the scope of tax on income and capital gains?

For Korean income tax purposes, residents are taxed in Korea on their worldwide income, whereas non-residents are taxed only on income sourced in Korea. Accordingly, determining whether an individual is classified as a resident or a non-resident is critically important. In general, an individual is treated as a resident if they have a domicile in Korea or maintain a place of abode in Korea for 183 days or more.

Resident or non-resident status is not determined by nationality or the acquisition of foreign permanent residency. Instead, the determination is based on objective facts reflecting the individual's overall living circumstances, including whether the individual's immediate family resides in Korea and whether the individual holds substantial assets located in Korea. In addition, income derived from employment or business activities carried out in Korea may be treated as Korean-source income and therefore subject to Korean taxation.

With respect to capital gains tax, gains arising from the transfer of assets located in Korea are taxable for both residents and non-residents. However, preferential treatments such as long-term holding deductions, are available only to residents.

2. What are the taxes and rates of tax to which an individual is subject in respect of income and capital gains and, in relation to those taxes, when does the tax year start and end, and when must tax returns be submitted and tax paid?

Taxes imposed on individuals in respect of income and capital gains include comprehensive income tax and capital gains tax. For income tax purposes, the tax year is the calendar year, running from January 1 to December 31.

For comprehensive income tax purposes, a resident's taxable income is calculated by aggregating interest income, dividend income, business income, employment income, pension income, and other income to determine the individual's total comprehensive income. Retirement income and capital gains arising from the transfer of real estate and other assets are taxed separately.

The income tax payable on a resident's comprehensive income is determined by applying the applicable progressive tax rates to the taxable base of comprehensive income for the relevant tax year.

Comprehensive Income Tax Base	Tax Rate
Up to KRW 14 million	6% of the tax base
Over KRW 14 million up to KRW 50 million	KRW 840,000 + 15% of the amount exceeding KRW 14 million
Over KRW 50 million up to KRW 88 million	KRW 6.24 million + 24% of the amount exceeding KRW 50 million
Over KRW 88 million up to KRW 150 million	KRW 15.36 million + 35% of the amount exceeding KRW 88 million
Over KRW 150 million up to KRW 300 million	KRW 37.06 million + 38% of the amount exceeding KRW 150 million
Over KRW 300 million up to KRW 500 million	KRW 94.06 million + 40% of the amount exceeding KRW 300 million
Over KRW 500 million up to KRW 1 billion	KRW 174.06 million + 42% of the amount exceeding KRW 500 million
Over KRW 1 billion	KRW 384.06 million + 45% of the amount exceeding KRW 1 billion

A resident is required to file a comprehensive income tax return during the annual filing period from May 1 to May 31.

Capital gains tax is imposed on gains realized by an

individual from the transfer of assets such as real estate and shares. Shares of a listed company are subject to capital gains tax if they are transferred by a major shareholder, or if they are transferred by a minority shareholder through off-market transactions (i.e., transactions other than those conducted on KOSPI, KOSDAQ, or KONEX). A resident's capital gains are calculated separately from comprehensive income and retirement income. In principle, the capital gains tax is imposed at the same basic progressive rates set out in the table referenced above (Item 2).

An individual who transfers real estate or other taxable assets must file a preliminary capital gains tax return within two months from the end of the month in which the transfer occurs. A final capital gains tax return must then be filed between May 1 and May 31 of the following year. However, if only a single transfer was made during the year, the filing of the final return may be omitted.

3. Does your jurisdiction provide advantageous tax regimes for individuals directly investing in or holding certain types of assets from an income tax or capital gains tax perspective?

In principle, residents are subject to Korean income tax on all categories of income as prescribed under the Income Tax Act. However, where a foreign individual who qualifies as a resident but the aggregate period during which such individual has maintained a domicile or place of abode in Korea does not exceed five years within the ten-year period ending on the last day of the relevant tax year, only foreign-source income that is paid in Korea or remitted to Korea is subject to Korean income tax.

In addition, a special tax incentive is available under which 50% of the income tax on employment income is reduced for foreign technical experts who render employment services in Korea to Korean residents and derive employment income therefrom.

Furthermore, where a foreign individual commences the provision of employment services in Korea for the first time on or before December 31, 2026, the income tax on employment income earned from service performed in Korea may, at the taxpayer's election, be calculated at a flat rate of 19% of such employment income. This preferential tax treatment applies to employment income received for tax years ending within 20 years from the date on which the individual first commenced the provision of employment services in Korea.

4. Are withholding taxes relevant to individuals and, if so, how, in what circumstances and at what rates do they apply?

Withholding tax refers to a system under which tax is collected at source, whereby the recipient of income does not pay the tax directly. Instead the withholding agent, being the payer of income subject to withholding (including the state, corporations, individual business operators, and non-business individuals) withholds the applicable tax from the income at the time of payment and recipient and remits it to the National Tax Service.

In the case of residents, income subject to withholding includes interest income, dividend income, business income, pension income, other income (including income of religious workers), and retirement income. In case of non-residents, income subject to withholding includes specified categories of Korean-source income, such as interest income, dividend income, real estate income, rental income from ships and similar assets, business income, income from personal services, employment income, retirement income, pension income, capital gains from the transfer of land and buildings, royalty income, capital gains from the transfer of securities, and other income.

In particular, where a non-resident transfers real estate or similar assets located in Korea, and the transferee is a domestic corporation or a foreign corporation, the domestic or foreign corporation that pays the transfer price to the non-resident is deemed to be the withholding agent for Korean withholding tax purposes.

For residents, withholding tax is generally applied as follows: employment income is subject to withholding in accordance with the simplified withholding tax table; interest income and dividend income are subject to withholding at a rate of 14% (excluding local surtax); and business income subject to withholding is generally subject to a withholding rate of 3% (excluding local surtax).

5. How does the jurisdiction approach the elimination of double taxation for individuals who would otherwise be taxed in the jurisdiction and in another jurisdiction?

The Republic of Korea addresses issues of double taxation primarily through the application of double taxation avoidance agreements (DTAs) and the foreign tax credit system. As of July 2025, Korea has concluded DTAs with a total of 99 countries. The Supreme Court of

Korea has consistently held tax treaties constitute special laws governing tax burdens and, such as, prevail over conflicting provisions of domestic tax legislation.

In addition, where a resident's comprehensive income or retirement income includes foreign-source income on which foreign income tax has been paid or is payable, Korean tax law permits a foreign tax credit to offset the corresponding Korean tax liability, subject to statutory limitations.

Korea is also a party to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "BEPS Multilateral Instrument"). The Convention was ratified by the National Assembly in December 2019 and entered into force on September 1, 2020. Korea has adopted only the minimum standards that are mandatorily required under the Convention, including: (i) Article 6, requiring the inclusion of a preamble statement clarifying the tax treaties are not create opportunities for double non-taxation through tax evasion or avoidance; (ii) Article 7, providing for treaty anti-abuse provisions; (iii) Article 16, strengthening the mutual agreement procedure; and Article 17, addressing corresponding adjustments.

6. Is there a wealth tax and, if so, which factors bring an individual within the scope of that tax, at what rate or rates is it charged, and when must tax returns be submitted and tax paid?

Korea does not impose a wealth tax in the traditional sense. However, the Comprehensive Real Estate Holding Tax and the Property Tax may be viewed as taxes that perform functions analogous to a wealth tax.

The Comprehensive Real Estate Holding Tax is imposed on individuals who own high-value real estate, in accordance with statutory thresholds and valuation standards.

The Property Tax is a local tax that, similar to the Comprehensive Real Estate Holding Tax, is assessed and levied on an annual basis. Its applies to individuals who own certain categories of property—such as land, buildings, housing, aircraft, and vessels—as of June 1 each year.

7. Is tax charged on death or on gifts by individuals and, if so, which factors cause the tax to apply, when must a tax return be submitted,

and at what rate, by whom and when must the tax be paid?

(1) Inheritance Tax

Where an inheritance arises as a result of death or a judicial declaration of disappearance, Korean inheritance tax applies depending on the residency status of the decedent as of the date of commencement of the inheritance. If the decedent was a non-resident, all inherited assets located in Korea as of the date of commencement of the inheritance are subject to inheritance tax.

The inheritance tax payable is calculated by applying the progressive tax rates set out in the table below (ranging from 10% to 50%) to the taxable base of inheritance tax.

Tax Base	Tax Rate
Up to KRW 100 million	10% of the tax base
Over KRW 100 million up to KRW 500 million	KRW 10 million + 20% of the amount exceeding KRW 100 million
Over KRW 500 million up to KRW 1 billion	KRW 90 million + 30% of the amount exceeding KRW 500 million
Over KRW 1 billion up to KRW 3 billion	KRW 240 million + 40% of the amount exceeding KRW 1 billion
Over KRW 3 billion	KRW 1.04 billion + 50% of the amount exceeding KRW 3 billion

An inheritance tax return must be filed, and the corresponding tax must be paid, with the head of the competent tax office having jurisdiction over the decedent's domicile within six months from the end of the month in which the inheritance commences. Where either the decedent or any of the heirs had a domicile outside Korea, the filing and payment deadline is extended to nine months.

(ii) Gift Tax

Where property is acquired by way of gift from another person (including a corporation), if the donee is a resident of Korea, gift tax is imposed on the gifted property located both in Korea and abroad. If the donee is a non-resident, only gifted property located in Korea is subject

to gift tax.

As a general rule, the donee bears the obligation to pay gift tax. The amount of gift tax payable is calculated by applying the same progressive tax rates applicable to inheritance tax, ranging from 10% to 50%, to the taxable base of gift tax. A person liable for gift tax must file a gift tax return and pay the corresponding tax with the head of the competent tax office having jurisdiction over the donee's domicile within three months from the end of the month in which the gift was received.

8. Are tax reliefs available on gifts (either during the donor's lifetime or on death) to a spouse, civil partner, or to any other relation, or of particular kinds of assets (eg business or agricultural assets), and how do any such reliefs apply?

The following tax reliefs and deductions are available under the Korean tax system:

(1) Lump-Sum Deduction

A lump-sum deduction of KRW 500 million may be claimed. Alternatively, a taxpayer may elect to apply a basic deduction of KRW 200 million together with additional personal deductions (including deductions for children, minors, elderly dependants, and persons with disabilities).

(2) Spousal Inheritance Deduction

A deduction is allowed in respect of the value actually inherited by the surviving spouse, up to the statutory inheritance share and subject to an overall cap of KRW 3 billion.

In addition, a minimum spousal deduction of KRW 500 million is available.

(2) Gift Tax Deductions Where the donee is a resident of Korea and receives a gift from a spouse, a lineal ascendant or descendant (including step-parents and step-children for gifts made on or after January 1, 2010), or a collateral relative within the fourth degree of consanguinity or an in-law within the third degree of affinity (other than a spouse or lineal ascendant/descendant), the following amounts are deductible from the taxable base of gift tax, on an aggregated basis over a ten-year period:

- KRW 600 million for gifts received from a spouse
- KRW 50 million for gifts received from lineal

ascendants or descendants

- KRW 10 million for gifts received from collateral relatives within the fourth degree of consanguinity or in-laws within the third degree of affinity (other than a spouse or lineal ascendant/descendant)

In addition, where a resident receives property from a lineal ascendant within two years before or after the date of marriage registration, or within two years from the date of a child's birth or adoption, an additional deduction of up to KRW 100 million may be claimed.

9. Do the tax laws encourage gifts (either during the donor's lifetime or on death) to a charity, public foundation or similar entity, and how do the relevant tax rules apply?

Under Korean tax law, the value of property contributed by the decedent or the heirs to public-interest corporations or similar entities within the statutory filing period for the inheritance tax return is not included in the taxable base of inheritance tax. Likewise, the value of property received by such public-interest corporations or similar entities is not included in the taxable base of gift tax.

10. How is real property situated in the jurisdiction taxed, in particular where it is owned by an individual who has no connection with the jurisdiction other than ownership of property there?

With respect to real estate located in Korea, both residents and non-residents are subject to Property Tax and the Comprehensive Real Estate Holding Tax, without distinction based on residency status.

Property Tax is a local tax imposed on individuals who own certain categories of property—such as land, buildings, housing, aircraft, and vessels—as of June 1 of each tax year. The payment schedule for Property Tax varies depending on the type of property. In the case of housing, one-half of the tax is payable between July 16 and July 31 each year, and the remaining half is payable between September 16 and September 30.

The applicable Property Tax rates for housing are as follows:

Tax Base	Tax Rate
Up to KRW 60 million	0.1%
Over KRW 60 million up to KRW 150 million	KRW 60,000 + 0.15% of the amount exceeding KRW 60 million
Over KRW 150 million up to KRW 300 million	KRW 195,000 + 0.25% of the amount exceeding KRW 150 million
Over KRW 300 million	KRW 570,000 + 0.4% of the amount exceeding KRW 300 million

The Comprehensive Real Estate Holding Tax is imposed on an annual basis based on property ownership as of June 1 of each tax year. It applies to housing that is subject to Property Tax, as well as to land classified as aggregate land and separately aggregated land.

With respect to housing, the Comprehensive Real Estate Holding Tax is levied on individuals who own housing as of June 1 where the aggregate officially assessed value of such housing exceeds KRW 900 million (or KRW 1.2 billion in the case of a single-household, single-home owner). The tax is calculated by applying a six-tier progressive tax rate structure to the taxable base, with higher marginal tax rates applicable to multiple-home owners.

The National Tax Service determines the amount of Comprehensive Real Estate Holding Tax payable and assesses and collects the tax during the period from December 1 and December 15 of the relevant tax year.

The applicable Comprehensive Real Estate Holding Tax rates for housing are as follows:

Tax Base	Tax Rate
Up to KRW 300 million	0.5%
Over KRW 300 million up to KRW 600 million	KRW 1.5 million + 0.7% of the amount exceeding KRW 300 million
Over KRW 600 million up to KRW 1.2 billion	KRW 3.6 million + 1.0% of the amount exceeding KRW 600 million
Over KRW 1.2 billion up to KRW 2.5 billion	KRW 9.6 million + 1.3% of the amount exceeding KRW 1.2 billion
Over KRW 2.5 billion up to KRW 5.0 billion	KRW 26.5 million + 1.5% of the amount exceeding KRW 2.5 billion
Over KRW 5.0 billion up to KRW 9.4 billion	KRW 64.0 million + 2.0% of the amount exceeding KRW 5.0 billion
Over KRW 9.4 billion	KRW 152.0 million + 2.7% of the amount exceeding KRW 9.4 billion

For taxpayers owning three or more residential properties, higher surtax rates apply as follows:

Tax Base	Tax Rate
Up to KRW 300 million	0.5%
Over KRW 300 million up to KRW 600 million	KRW 1.5 million + 0.7% of the amount exceeding KRW 300 million
Over KRW 600 million up to KRW 1.2 billion	KRW 3.6 million + 1.0% of the amount exceeding KRW 600 million
Over KRW 1.2 billion up to KRW 2.5 billion	KRW 9.6 million + 2.0% of the amount exceeding KRW 1.2 billion
Over KRW 2.5 billion up to KRW 5.0 billion	KRW 35.6 million + 3.0% of the amount exceeding KRW 2.5 billion
Over KRW 5.0 billion up to KRW 9.4 billion	KRW 110.6 million + 4.0% of the amount exceeding KRW 5.0 billion
Over KRW 9.4 billion	KRW 286.6 million + 5.0% of the amount exceeding KRW 9.4 billion

Property Tax is assessed and collected by local governments, whereas the Comprehensive Real Estate Holding Tax is assessed and collected by the National Tax Service. Accordingly, taxpayers are not required to obtain separate property appraisals for their real estate for tax assessment purposes.

11. Does your jurisdiction have any specific rules in relation to the taxation of digital assets?

Income derived from virtual assets is scheduled to be taxed as other income starting from January 1, 2027. A tax rate of 20% (excluding local surtax) will apply to annual gains exceeding KRW 2.5 million. However, material legal and practical uncertainties remain in several areas, including the taxation of non-residents, the treatment of transactions conducted outside domestic exchanges, the determination of acquisition costs, and the timing of taxation.

12. Are taxes other than those described above

imposed on individuals and, if so, how do they apply?

Acquisition tax is imposed on any person who acquires real estate, vehicles, machinery and equipment, aircraft, vessels, standing timber, mining rights, fishing rights, aquaculture rights, golf club memberships, horseback riding club memberships, condominium memberships, comprehensive sports facility memberships, or yacht memberships. In addition, other taxes that may be imposed on individuals include registration and license tax, resident tax, and automobile tax.

13. Does your jurisdiction provide advantageous special tax regimes for individuals from a wealth tax, inheritance/estate tax or gift tax perspective?

The following special tax reliefs and preferential regimes are available under Korean law:

(i) Business and Agricultural Succession Deductions

Business succession deduction: A deduction of up to 100% of qualifying business succession assets is available, subject to a maximum cap of KRW 60 billion.

Agricultural succession deduction: A deduction is available for the value of qualifying agricultural succession assets, subject to a maximum cap of KRW 3 billion.

(ii) Gift Tax Special Regime for Business Succession

In order to facilitate the planned inter vivos transfer of family-owned businesses, particularly in light of the aging of owners of small and medium-sized or mid-sized enterprises, Korea tax law provides a special gift tax regime for business succession. Under this regime, where business shares are gifted, a deduction of KRW 1 billion is allowed (within an overall cap of KRW 60 billion), and gift tax is imposed at a preferential rate of 10% (or 20% on the portion of the tax base exceeding KRW 6 billion).

(iii) Spousal Inheritance Deduction

A deduction is allowed for the value actually inherited by the surviving spouse, subject to the statutory inheritance share and an overall cap of KRW 3 billion.

In addition, a minimum spousal deduction of KRW 500 million is available.

14. What steps might an individual be advised to consider before establishing residence in (or becoming otherwise connected for tax purposes with) the jurisdiction?

Individuals should be aware that, once they become residents of Korea, they may be subject to Korean taxation on their worldwide income.

In addition, Korea operates an overseas financial account reporting regime. Where a resident holds overseas financial accounts and the aggregate balance of such accounts exceeds KRW 500 million on any single day at the end of a month during the relevant year (with balances aggregated if multiple accounts are held), the resident is required to report the relevant overseas financial account information to the competent tax office at the taxpayer's place of tax payment between 1 June and 30 June of the following year.

It should also be noted that, where succession opens upon death and the decedent was a resident of Korea, all inheritance assets located both within and outside Korea as of the date of commencement of succession may be subject to Korean inheritance tax.

15. Once an individual has left (and is no longer connected for tax purposes with) the jurisdiction, does the jurisdiction charge any form of exit tax or retain taxing rights over the individual's directly held assets or structures which they created or have an interest in?

Korea does not have a general exit tax of the type adopted in many countries, under which all assets are deemed to be disposed of at fair market value immediately prior to a change in tax residence and capital gains tax is imposed.

Instead, Korea operates an emigration tax regime (exit tax on certain shareholdings) under which, where a resident who qualifies as a major shareholder departs Korea due to overseas relocation or similar reasons, the unrealised gains on certain domestic shares held at the time of departure are deemed to be capital gains and are subject to reporting and payment of Korean capital gains tax.

In addition, even after an individual becomes a non-resident, Korean tax liability continues to apply to Korean-source income. Accordingly, assets located in Korea, such as real estate and shares, may remain subject to Korean taxation notwithstanding the change in residency status.

16. What are the main rules of succession, and what are the scope and effect of any rules of forced heirship? Do any forced heirship rules apply automatically, or is it necessary for heirs to bring claims to enforce their rights?

Under the Korean Civil Code, succession upon death passes in the following order: the decedent's lineal descendants, lineal ascendants, siblings, and collateral relatives within the fourth degree of kinship. The decedent's spouse becomes a co-heir of equal rank where lineal descendants or lineal ascendants, and becomes the sole heir where no such heirs exist (Article 1000 of the Civil Code). Where a spouse inherits together with heirs of the same rank, the spouse's statutory share is increased by 50% of the share allocated to a lineal descendant or lineal ascendant (Article 1003 of the Civil Code). These rules governing the order of succession and inheritance shares apply automatically upon the death of the decedent.

Separately, Korea operates a forced heirship (legitime) system. Under this system, certain heirs are entitled, notwithstanding the decedent's testamentary dispositions, to a minimum reserved share of the estate. Specifically, the forced heirship portion is equal to one-half of the statutory inheritance share for a spouse or lineal descendants, and one-third of the statutory inheritance share for lineal ascendants. A forced heirship claim is extinguished by prescription if it is not exercised within one year from the date on which the forced heir become aware of both the commencement of succession and the gift or bequest subject to restitution, or within ten years from the date of commencement of succession, whichever occurs earlier (Article 1117 of the Civil Code).

17. Is there a special regime for matrimonial property or the property of a civil partnership, and how does that regime affect succession?

Korean law recognizes a marital property agreement regime under which prospective spouses may, prior to the formation of their marriage, enter into an agreement governing their property relations during the marriage in accordance with the terms agreed upon by the parties (Article 829 of the Civil Act).

The contents of a marital property agreement may be freely determined, provided that they pertain to property matters between the spouses. However, for such an agreement to be valid, it must be concluded before the marriage is legally formed. Under the Korean law, a marriage is legally formed upon the filling of a marriage

registration. In addition, for the agreement to be effective against successors of either spouses or against third parties, it must be registered with the competent authority prior to the formation of the marriage.

Upon the death of one spouse, succession takes place based on ownership status of property as of the time of death. Any rights and obligations vis-à-vis third parties that have arisen under the marital property agreement up to the time of death are also succeeded to as part of the decedent's estate.

18. What factors cause the succession law of the jurisdiction to apply on the death of an individual?

Under the Private International Law Act, the governing law for succession is, as a general rule, determined by the nationality of the decedent, irrespective the nationality of the heirs.

However, where the decedent has designated by will the law of the decedent's habitual residence or, in the case of succession to immovable property, the law of the place where such immovable property is situated, the law so designated by the decedent applies as the governing law (Article 77(2) of the Private International Law Act).

19. How does the jurisdiction deal with conflict between its succession laws and those of another jurisdiction with which the deceased was connected or in which the deceased owned property?

In matters of succession, Korean private international law applies the law of the decedent's nationality as the governing law. Accordingly, even where the applicable foreign law differs from Korea law, the decedent's national law will, in principle, prevail. However, where the application of a provision of foreign law would be manifestly contrary to the good morals or public order of the Republic of Korea, such foreign law may be excluded and Korean law may instead apply (Article 23 of the Private International Law Act).

In addition, Article 22(1) of the Private International Law Act provides that "where, under the national law of a foreign decedent, Korean law is designated as the applicable law, Korean law shall apply." Accordingly, if the decedent's national law refers the matter back to Korean law, Korean law may apply by way of *renvoi*.

20. In what circumstances should an individual make a Will, what are the consequences of dying without having made a Will, and what are the formal requirements for making a Will?

Where a will has not been made, inheritance is distributed strictly in accordance with the statutory rules of succession, irrespective of the decedent's intentions. Accordingly, if a decedent wishes to allocate assets a particular heir or to a third party in a manner different from the statutory scheme, such intention must be clearly expressed in advance through a valid will.

Under Korean law, five forms of wills are recognized forms: holographic wills, recorded wills, notarized wills, secret wills, and oral wills. The formal requirements applicable to each type of will are prescribed in Articles 1065 through 1072 of the Civil Act. A will that fails to satisfy the applicable statutory requirements will not be recognized as valid, even if it accurately reflects the testator's true intent. Strict compliance with the prescribed formalities is therefore essential.

In many jurisdictions, including the United States, the law of the place where real property is situated (*lex situs*) governs succession to such property. Korean law likewise permits the designation of law of the location of immovable property as the governing law for succession to that property (Article 77(2)2 of the Private International Law Act). Accordingly, the law of the situs of real property may play a decisive role in determining the applicable law, making it prudent to prepare a will in the relevant jurisdiction. In such cases, the form of the will will be deemed valid if it complies with the law of the place where the real property is located (Article 78(3)4 of the Private International Law Act).

21. How is the estate of a deceased individual administered and who is responsible for collecting in assets, paying debts, and distributing to beneficiaries?

Unlike jurisdictions in which the government administers the collection of estate assets, the settlement of debts, and the distribution of the estate, Korean law provides that, upon the commencement of inheritance, the decedent's rights and obligations are transferred immediately and comprehensively to the heirs. This transfer occurs by operation of law, without the need for a separate estate administration process involving asset collection or debt settlement.

Notwithstanding the foregoing, heirs are afforded the

right to choose whether to accept or renounce the inheritance. In addition, an heir may elect to make a limited acceptance, pursuant to which the heir assumes liability for the decedent's debts and bequests only up to the value of the assets inherited.

22. Do the laws of your jurisdiction allow individuals to create trusts, private foundations, family companies, family partnerships or similar structures to hold, administer and regulate succession to private family wealth and, if so, which structures are most commonly or advantageously used?

Korea permits the use of corporations and trusts for the private holding, management, and succession of family wealth. However, foundations (juridical persons in the form of foundations) may be established only for public-interest purposes, and their use for purely private purposes is prohibited.

In practice, family wealth is often structured through a family-owned company, which may offer various advantages, including potential tax efficiencies. In recent years, there has also been a growing trend toward the use of trusts as vehicles for asset management and wealth succession.

23. How are these structures constituted and what are the main rules that govern them?

In Korea, taxation is applied in accordance with the substance-over-form principle, such that the mere adoption of a particular legal form does not, in itself, ensure favorable tax treatment. In addition, because ownership is accorded exclusive and absolute legal significance under Korean law, it is generally considered important to secure ownership through a clearly defined legal entity or legal title.

As a result, single-family offices are not common in Korea. Instead, asset management and succession structures are typically designed and implemented on a case-by-case basis, taking into account the structure most appropriate to the specific circumstances of each client.

24. What are the registration requirements for these structures and what information needs to be made available to the relevant authorities? To

what extent is that information publicly available?

Information regarding the ownership of real property, including residential property, is publicly accessible through the real property register. The register discloses key details such as the owner's name, date of birth, address, as well as information regarding seizures, security interests, and other encumbrances affecting the relevant property.

25. How are such structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

With respect to beneficial interests under a trust, gift tax is imposed on the beneficiary. For gift tax purposes, the "date prescribed by Presidential Decree, such as the date on which the principal or income is actually paid to the beneficiary," is deemed to be the date of the gift, and the "value of the right to receive benefits under the relevant trust" is treated as the gifted property (Article 33(1) of the Inheritance and Gift Tax Act).

Trust property settled by the decedent in the capacity of settlor is deemed to constitute inherited property and is subject to inheritance tax (Article 9(1) of the Inheritance and Gift Tax Act). In addition, where the decedent held a beneficial interest under a trust, such beneficial interest is likewise included in the inherited property and subject to inheritance tax (Article 9(2) of the Inheritance and Gift Tax Act). As regards taxation related to trust property, Property Tax and the Comprehensive Real Estate Holding Tax are generally borne by the settlor, income tax is borne by the beneficiary, and value-added tax is, in principle, borne by the trustee, although in certain exceptional cases it may instead be borne by the settlor.

26. Are foreign trusts, private foundations, etc recognised?

Korea does not permit the establishment of private foundations, and foreign trusts are treated in the same manner as domestic trusts for Korean law purposes. Accordingly, a foreign trust is not recognised as having a separate legal personality, and the trust property is generally regarded as being owned by the settlor, rather than by the trust itself, for legal and tax purposes.

27. How are such foreign structures and their settlors, founders, trustees, directors and

beneficiaries treated for tax purposes?

They are treated in the same manner as the domestic trust structures described above in response to Question 25.

28. To what extent can trusts, private foundations, etc be used to shelter assets from the creditors of a settlor or beneficiary of the structure?

Under Korean law, once a trust is validly established, the independence of the trust property is generally recognized. As a result, the trust assets may be protected from the settlor's creditors. However, where the settlor retains the right to terminate the trust at any time and reclaim the trust assets—similar to a grantor trust—the independence of the trust property will not be recognized.

Moreover, in Korea, trusts designed primarily for beneficiary protection, such as discretionary trusts, have not yet become widely adopted in practice. Consequently, beneficiaries are generally not permitted to refuse or exclude claims by their creditors to the extent of their beneficial interests.

29. What provision can be made to hold and manage assets for minor children and grandchildren?

Because a trust is not recognised as having a separate legal personality or as an independent taxpayer in Korea, the use of irrevocable trusts of the type commonly employed in other jurisdiction is generally impracticable in Korea.

Accordingly, wealth transfers in Korea are more common structured through direct gifts of shares, real estate or other assets to minor children or grandchildren, or to gift shares in a family company that holds such assets. In such cases, the minor children or grandchildren become the legal owners of the relevant assets and are treated as the taxpayers for tax purposes.

30. Are individuals advised to create documents or take other steps in view of their possible mental incapacity and, if so, what are the main features of the advisable arrangements?

Where an individual continuously lacks, or is expected to lack, sufficient capacity to manage his or her affairs, the Korean Civil Act provides for a guardianship regime under

which another person may be authorised to perform legal acts on the individual's behalf and make decisions relating to personal matters.

In practice, where dispute arise among family members or other interested parties regarding the appointment of a guardian, Korean courts tend to appoint an independent third-party professional guardian with no personal relationship to the individual. Accordingly, as part of advance planning for a potential future loss of mental capacity, it is advisable for an individual to designate a guardian in advance and clearly define the scope of the guardian's authority through a voluntary guardianship agreement.

Once a voluntary guardian has been appointed, the guardian may act as a legally valid representative—for example, by entering into contracts—thereby reducing legal uncertainty. In addition, matters relating to housing, medical treatment, and other personal affairs may be handled either in accordance with the individual's pre-designated preferences or, where appropriate, at the guardian's discretion, helping to prevent gaps in care or support.

31. What forms of charitable trust, charitable company, or philanthropic foundation are commonly established by individuals, and how is this done?

In Korea, charitable contributions that qualify for inheritance and gift tax relief must comply with strict statutory requirements. Although the Public Interest Trust Act was amended in 2015 to permit the establishment and operation of trusts for charitable or public-interest purposes, such trusts are subject to rigorous regulation. In particular, no economic benefits may accrue to the settlor, and all income generated from the trust must be used strictly in accordance with the designated public or charitable purposes.

Alternatively, a foundation (juristic person) may be established for charitable purposes. However, foundations are likewise subject to stringent requirements, not only with respect to their establishment procedures and conditions prescribed by law, but also in their ongoing operations, which are subject to government supervision and oversight.

Where a public-interest trust or foundation is established and the relevant statutory requirements are satisfied, inheritance and gift tax relief may be available in respect of the contributed assets. However, once assets are contributed, neither the assets themselves nor any

income generated from their operation may, in principle, be used for private purposes.

32. What is the jurisdiction's approach to information sharing with other jurisdictions?

The Republic of Korea does not, as a general matter, refuse lawful requests for information disclosure from other jurisdictions, except where special circumstances apply.

With respect to real property ownership, Korea maintains separate public registers for land and buildings (or condominium units), all of which are publicly accessible (although access to certain personal information of owners is provided on a limited basis). The real property register contains detailed information, including particulars sufficient to identify the property (such as address, area and use, and, in the case of buildings, information on major structural components), the history of ownership transfers and the identity of the current owner, restrictions on ownership, the creation and priority of security interests, and transaction-related details such as sales information.

In addition, registries are maintained for motor vehicles and similar assets, recording detailed information (such as vehicle type and year of manufacture), ownership, and the creation and priority of security interests. Unlike real property registers, however, these registries are not fully open to the public; access is generally limited to the parties concerned and, in certain cases, to heirs and other persons within a restricted scope.

33. What important legislative changes do you anticipate so far as they affect your advice to private clients?

The most significant current development in Korean inheritance law concerns proposed amendments to the forced heirship (statutory reserved share) system. On April 25, 2024, the Constitutional Court of Korea held that the provision recognizing siblings as entitled holders of forced heirship rights is unconstitutional. The Court further determined that the absence of independence grounds for forfeiture of forced heirship rights, as well as the failure to apply the rules on contributory shares by analogy, is inconsistent with the Constitution.

Accordingly, the Court urged the legislature to enact corrective legislation by December 31, 2025.

As a result, amendments to the forced heirship system must be adopted by December 31, 2025. In the meantime,

a significant cases involving forced heirship claims are effectively on hold, with court proceedings stayed pending the passage of the relevant legislative amendments by the National Assembly.

If the forced heirship system is revised in line with the Constitutional Court's decision, it may become possible

for a testator to exclude certain heirs from asserting forced heirship claims, or for the amount subject to restitution to be reduced in respect of heirs who have made special contributions to the decedent. Consequently, it is expected that inheritance planning advice and disputes reflecting these anticipated changes will increase in the coming years.

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