

TRAFFIC, ENERGY AND ENVIRONMENT TAX ACT

Act No. 8138, Dec. 30, 2006

Amended by Act No. 8829, Dec. 31, 2007

Act No. 9132, Sep. 26, 2008

Act No. 9346, Jan. 30, 2009

Act No. 9901, Dec. 31, 2009

Act No. 10403, Dec. 27, 2010

Act No. 11123, Dec. 31, 2011

Act No. 11603, Jan. 1, 2013

Act No. 11690, Mar. 23, 2013

Act No. 13550, Dec. 15, 2015

Act No. 13621, Dec. 29, 2015

Article 1 (Purpose)

The purpose of this Act is to secure financial resources required for the business to expand traffic facilities, such as roads and city railroads, and to foster public traffic infrastructure, the business related to energy and resources, and the business for preservation and improvement of environment.

Article 2 (Taxable Articles and Tax Rate)

(1) Objects subject to the traffic, energy, and environment tax (hereinafter referred to as "taxable articles") and their tax rates shall be as follows: *<Amended by Act No. 5035, Dec. 29, 1995; Act No. 5494, Jan. 8, 1998; Act No. 5554, Sep. 16, 1998; Act No. 6295, Dec. 29, 2000; Act No. 7011, Dec. 30, 2003; Act No. 8138, Dec. 30, 2006; Act No. 9132, Sep. 26, 2008>*

1. Gasoline and alternative petroleum products similar thereto: 475 won per liter;

2. Light oil and alternative petroleum products similar thereto: 340 won per liter.

(2) Detailed list of taxable articles and kinds thereof shall be prescribed by Presidential Decree.

(3) For purposes of national economic efficiency, the tax rates under paragraph (1) may be adjusted within the limit of 30/100 of the tax rates by Presidential Decree, where necessary to provide financial resources required for the business to expand traffic facilities and to foster public traffic infrastructure, the business related to energy and resources, the business to preserve and improve the environment, and the support business to cope with oil price fluctuations and where necessary to meet the supply of and demand for the articles concerned. *<Amended by Act No. 9132, Sep. 26, 2008>*

(4) Determination of taxable articles shall be made by the shape, use, properties, and other important characteristics of the articles concerned regardless of the name thereof.

(5) Where a taxable article is included in not less than two categories under paragraphs (1) and (2), the applicable category of the taxable article shall be determined by its characteristics. Where the characteristics are not clear, it shall be determined by its major use. Where neither the characteristics nor the major use is clear, it shall be determined as the category to which higher tax rate is applied.

(6) Matters necessary for determination of taxable article not mentioned under paragraphs (4) and (5) shall be determined by Presidential Decree.

Article 3 (Taxpayer)

A person who falls under any of the following subparagraphs shall pay the traffic, energy and environment tax under this Act: <Amended by Act No. 7576, Jul. 8, 2005; Act No. 8138, Dec. 30, 2006; Act No. 11123, Dec. 31, 2011>

1. A person who manufactures taxable articles and ships them out;
2. A person who ships taxable article out from a bonded area under the Customs Act (hereinafter referred to as "bonded area") (referring to a person who is liable to pay customs under the Customs Act; hereinafter the same shall apply);
3. With regard to the articles on which customs are imposed, other than cases under subparagraph 2, a person who is liable to pay such customs.

Article 4 (Timing for Taxation)

The traffic, energy, and environment tax shall be levied at the time of release of taxable articles from a manufacturing place or at the time of import declaration thereof: Provided, That the articles under subparagraph 3 of Article 3 shall be subject to the Customs Act. <Amended by Act No. 7576, Jul. 8, 2005; Act No. 8138, Dec. 30, 2006>

Article 5 (Cases Considered as Manufacture, etc.)

(1) In cases of processing by adding additive, etc. in order to improve and add values to taxable articles in places other than a manufacturing place, for the purpose of sale, it shall be considered as manufacturing of the articles concerned.

(2) Where a taxable article falls under any of the following subparagraphs, it shall be considered to have been shipped out from a manufacturing place:

1. Where it is used or consumed in the manufacturing place: Provided, That such case which falls under cases prescribed by Presidential Decree shall be excluded;
2. Where its remainder in the manufacturing place is realized by way of public sale, auction, or bankruptcy proceedings;
3. Where it remains in the manufacturing place after the de facto discontinuance of manufacturing thereof: Provided, That such case which falls under cases prescribed by Presidential Decree and obtain approval from the chief of the competent tax office shall be excluded.

Article 6 (Tax Base)

(1) A tax base for traffic, energy, and environment tax shall be determined pursuant to each of the following subparagraphs: *<Amended by Act No. 6295, Dec. 29, 2000; Act No. 8138, Dec. 30, 2006>*

1. Where a taxpayer under subparagraph 1 of Article 3 manufactures articles and ships them out, the quantity of articles at the time they are shipped out from a manufacturing place: Provided, That the quantity of the articles provided for in Article 2 (1) 1 shall be the quantity obtained by deducting therefrom such quantity as is computed by multiplying the quantity when shipped out from the manufacturing place, by the rate prescribed by Presidential Decree in view of the extent of their natural decrease due to vaporization, etc. in the process of release and storage from the time they are shipped out from the manufacturing place to the time they are sold to consumers;

2. Where a taxpayer under subparagraph 2 of Article 3 ships articles out from an bonded area, the quantity of the articles at the time of import declaration thereof: Provided, That in cases of articles under Article 2 (1) 1, the proviso to subparagraph 1 shall be applied mutatis mutandis;

3. In cases of articles under subparagraph 3 of Article 3, the quantity of the articles at the time of collection of customs thereof.

(2) Deleted. *<by Act No. 6295, Dec. 29, 2000>*

(3) Matters necessary for quantity calculation of the tax base shall be determined by Presidential Decree. *<Amended by Act No. 6295, Dec. 29, 2000>*

Article 7 (Report of Tax Base)

(1) Taxpayers referred to in subparagraph 1 of Article 3 shall submit a report describing matters concerning articles shipped out from a manufacturing place every month, such as a quantity and price per article, calculated tax amount, overdue tax amount, exempted tax amount, deducted tax amount, tax refund amount, and tax amount due, to the chief of the tax office having jurisdiction over the manufacturing place by the end of every following month.

(2) When a taxpayer under subparagraph 2 of Article 3 has filed an import declaration with the head of the customs office having jurisdiction over a bonded area, he/she shall be considered as having declared as prescribed in paragraph (1).

(3) As for a taxpayer as set forth in subparagraph 3 of Article 3, the provisions of the Customs Act shall apply mutatis mutandis. *<Amended by Act No. 7576, Jul. 8, 2005>*

(4) Deleted. *<by Act No. 11123, Dec. 31, 2011>*

(5) Necessary matters concerning report of the tax base under paragraphs (1) and (2) shall be determined by Presidential Decree. *<Amended by Act No. 11123, Dec. 31, 2011>*

Article 8 (Payment)

(1) Taxpayers under subparagraph 1 of Article 3 shall pay the traffic, energy, and environment tax every month within the period of the submission of the report pursuant to Article 7 (1). *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 11123, Dec. 31, 2011>*

(2) With regard to the payment of traffic, energy, and environment tax by taxpayers under subparagraphs 2 and 3 of Article 3, the Customs Act shall apply. <Amended by Act No. 7576, Jul. 8, 2005; Act No. 8138, Dec. 30, 2006>

(3) Persons who intend to ship taxable articles out from a bonded area before the acceptance of import declaration as prescribed by the Customs Act shall provide security amounting to the appropriate traffic, energy, and environment tax amount, as prescribed by the Customs Act. <Amended by Act No. 7576, Jul. 8, 2005; Act No. 8138, Dec. 30, 2006>

Article 8-2 (Return and Payment of Tax by Business Unit)

Notwithstanding Article 7 (1), an entrepreneur who has filed a report by business unit under Article 18 (3) (hereinafter referred to as "taxable entrepreneur by business unit") may consolidate his/her tax returns for different places of business into his/her headquarters or main office to collectively file a single tax return and pay tax. In such cases, the headquarters or main office of such entrepreneur shall be deemed a manufacturing place when this Act applies in connection with the return and payment of the tax.

Article 8-3 (Special Cases concerning Blend, etc. of Different Petroleum Products at Oil Reservoirs)

Where any event prescribed by Presidential Decree occurs, including where different types of petroleum products are blended at an oil reservoir (hereafter referred to as "blended oil, etc." in this Article) when a taxpayer under subparagraph 1 or 2 of Article 3 (hereinafter referred to as "manufacturer, etc." in this Article and Article 11) ships taxable articles out of the manufacturing place of the relevant manufacturer, etc. or a bonded area by any means of transportation, such as oil pipelines, vessels, or tank lorries under the Oil Pipeline Safety Control Act, and ships such articles out again from such oil reservoir owned or leased by the manufacturer, etc., this Act shall apply according to the following classifications: <Amended by Act No. 11603, Jan. 1, 2013>

1. Taxpayer: The manufacturer, etc., notwithstanding subparagraph 1 of Article 3;
2. Time of taxation: The time of occurrence of blended oil, etc., notwithstanding Article 4;
3. Tax base: The volume at the time of occurrence of blended oil, etc., notwithstanding Article 6 (1) 1.

Article 9 (Determination, Decision of Correction, and Re-Correction)

(1) In case of failure to submit the report under Article 7 or of any error or omission therein, either the chief of the competent district tax office, the head of the competent regional tax office, or the head of the competent customs office shall determine or decide to correct such tax base and tax amount. <Amended by Act No. 11123, Dec. 31, 2011>

(2) Determination or decision of correction under paragraph (1) shall be based on an account book or other evidential matters: Provided, That such decision may be made by estimation in accordance with Presidential Decree where there is any reason falling under any of the following subparagraphs: <Amended by Act No. 11123, Dec. 31, 2011>

1. Where an account book or other evidential matters necessary for calculating the tax base do not exist, or any important part thereof is not prepared;

2. Where the details of an account book or other evidential matters are obviously false, considering the size of facilities, the number of employees, the market values of raw materials, merchandise, products, various types of charges, etc.;
 3. Where the details of an account book or other evidential matters are obviously false, considering the usage amount of raw material or power or other operating conditions.
- (3) The chief of the competent district tax office, the head of the competent regional tax office, or the head of the competent customs office shall correct any error or omission that is found in the tax base and tax amount decided or decided to be corrected under paragraphs (1) and (2). *<Newly Inserted by Act No. 11123, Dec. 31, 2011>*

Article 10 (Occasional Taxation)

When it is deemed that there is any concern that a taxpayer may evade the traffic, energy, and environment tax or when a taxpayer temporarily close or permanently close down his/her business because of the business slowdown, etc., such tax base and tax amount may be determined occasionally, notwithstanding Article 7. In such cases, Article 9 (2) shall apply mutatis mutandis. *<Amended by Act No. 8138, Dec. 30, 2006>*

Article 11 (Special Cases concerning Taxation for Sellers, etc. of Fake Petroleum Products)

- (1) Notwithstanding Articles 3 and 4, the traffic, energy, and environment tax may be collected from a person who sells or stores for the purpose of selling fake petroleum products under subparagraph 10 of Article 2 of the Petroleum and Petroleum Substitute Fuel Business Act (hereafter referred to as "seller, etc."). *<Amended by Act No. 11603, Jan. 1, 2013; Act No. 13621, Dec. 29, 2015>*
- (2) Where the traffic, energy, and environment tax is collected under Articles 3 and 4 or paragraph (1) from either party of a manufacturer, etc. and a seller, etc., it shall not be collected from the other party.
- (3) Where the traffic, energy, and environment tax is collected a seller, etc. under paragraph (1), the tax base shall be the aggregate of the sales volume and storage volume, notwithstanding Article 6.
- (4) Where the traffic, energy and environment tax is collected from a seller, etc. under paragraph (1), Article 17 shall apply mutatis mutandis.

Article 12 (Release of Articles without Tax Payment)

(1) With respect to the articles falling under any of the following subparagraphs, the traffic, energy, and environment tax shall not be collected when approval therefor has been obtained from the chief of the competent tax office or the head of the customs office concerned, as prescribed by Presidential Decree: *<Amended by Act No. 8138, Dec. 30, 2006>*

1. Where the articles to be exported are shipped out into another place;
2. Where the articles manufactured upon the supply of raw materials or simply under the processing contract for commission are shipped out from a manufacturing place into the warehouse of the consignor;
3. Where the taxable articles are shipped out from a manufacturing place or shipped back into the relevant manufacturing place to undergo an specification examination at any place other than the

manufacturing place;

4. Where the articles brought in, which are subject to the provisions under subparagraphs 1 and 2, Article 13 (1), 14 (1), 15 (1), or 16, are not offered for the relevant use due to poor quality or other reasons and then are returned to a manufacturing place;

5. Where the release of the articles prescribed by Presidential Decree is allowed because it is regarded as having no trouble to securing the traffic, energy, and environment tax or to other regulations.

(2) Persons who ship articles out or declare the import of articles to be subject to the provisions of paragraph (1), shall prove the facts that the articles concerned were brought into the place of entry or that the articles concerned have been offered for the stated use, as prescribed by Presidential Decree, and, if such facts are not proven, the traffic, energy, and environment tax shall be collected from persons who ship such articles out or declare the import of such articles. *<Amended by Act No. 8138, Dec. 30, 2006>*

(3) Where the articles under paragraph (1) are destroyed or lost because of a disaster or other unavoidable reasons before they are brought into the place of entry, the traffic, energy, and environment tax shall not be collected, as prescribed by Presidential Decree. *<Amended by Act No. 8138, Dec. 30, 2006>*

(4) With regard to the articles brought into the place of entry under paragraph (1), such place of entry shall be regarded as a manufacturing place and the person who brings such articles in shall be regarded as a manufacturer as prescribed by Article 3 and governed by the application of the provisions for taxation or exemption of the traffic, energy, and environment tax. *<Amended by Act No. 8138, Dec. 30, 2006>*

(5) Persons who bring taxable articles into the place of entry as prescribed in paragraph (1) shall report the fact that the articles are brought in to the chief of the tax office, or the head of the customs office, having jurisdiction over the place of entry not later than the 15th day of the month immediately after the month in which such articles are brought in.

Article 13 (Tax Exemption for Army Supply and Export)

(1) With respect to the articles falling under any of the following subparagraphs, the traffic, energy, and environment tax shall be exempted where approval therefor has been obtained from the chief of the tax office or the head of the customs office concerned, as prescribed by Presidential Decree: *<Amended by Act No. 8138, Dec. 30, 2006>*

1. Articles to be exported;

2. Articles to be supplied to foreign armies stationed in Korea (hereinafter referred to as "foreign armies stationed in Korea").

(2) With respect to the articles referred to in paragraph (1), where it is not proven that such articles are offered for the stated use, as prescribed by Presidential Decree, the traffic, energy, and environment tax shall be collected from persons who ship such articles out or declare the import thereof. *<Amended by Act No. 8138, Dec. 30, 2006>*

(3) Where it is confirmed that the use of the articles for which the traffic, energy, and environment tax was exempted under the provisions of paragraph (1) has changed, the traffic, energy, and environment tax shall immediately be collected, as prescribed by Presidential Decree. *<Amended by Act No. 8138, Dec. 30,*

2006>

(4) Where any of the reasons prescribed by Presidential Decree happens to persons who bring in the articles for which the traffic, energy, and environment tax was exempted under the provisions of paragraph (1) 1, the traffic, energy, and environment tax shall be collected from such persons. *<Amended by Act No. 8138, Dec. 30, 2006>*

(5) Where the articles for which the traffic, energy, and environment tax was exempted under the provisions of paragraph (1) 2 are transferred to others, the traffic, energy, and environment tax shall be collected from persons who take over those articles as such transferees are deemed to ship such articles out or to declare the import thereof. *<Amended by Act No. 8138, Dec. 30, 2006>*

(6) Article 12 (3) shall apply mutatis mutandis with regard to the articles that are shipped out under the condition of traffic, energy, and environment tax exemption under paragraph (1). *<Amended by Act No. 8138, Dec. 30, 2006>*

Article 14 (Tax Exemption for Diplomats)

(1) With regard to the articles to be used for motor vehicles owned by foreign missions in the Republic of Korea or other organizations with similar nature thereto as prescribed by Presidential Decree (hereinafter referred to as "foreign missions in Korea, etc.") and by foreign diplomats in the Republic of Korea or other persons with similar nature thereto as prescribed by Presidential Decree (hereinafter referred to as "foreign diplomats in Korea, etc."), the traffic, energy, and environment tax shall be exempted. *<Amended by Act No. 10403, Dec. 27, 2010>*

(2) The Minister of Foreign Affairs shall determine the maximum tax exemption amount for articles under paragraph (1) each year by not later than December 31 of the year before the relevant year, in consultation with the Minister of Strategy and Finance. *<Newly Inserted by Act No. 10403, Dec. 27, 2010; Act No. 11690, Mar. 23, 2013>*

(3) Paragraph (1) shall apply only to the cases where Korean missions or diplomats, etc. in a country concerned are exempted from a tax of such country which is equivalent to the traffic, energy, and environment tax of Korea or other tax having nature similar thereto and where there does not exist in a country concerned a tax which is equivalent to the traffic, energy, and environment tax of Korea or other tax having nature similar thereto. *<Newly Inserted by Act No. 10403, Dec. 27, 2010>*

(4) The provisions of Articles 12 (3) and 13 (5) shall apply mutatis mutandis with regard to the articles that are shipped out under the condition of traffic, energy, and environment tax exemption under paragraph (1). *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 10403, Dec. 27, 2010>*

Article 15 (Conditional Tax Exemption)

(1) With respect to the articles falling under any of the following subparagraphs, the traffic, energy, and environment tax shall be exempted where approval therefor has been obtained from the head of the customs office or the chief of the tax office concerned, as prescribed by Presidential Decree: *<Amended by Act No. 8138, Dec. 30, 2006>*

1. Articles donated from abroad to the charity or relief organizations or associations for the purpose of charity or relief;
 2. Articles shipped out from the bonded area for re-export, for which the customs are exempted;
 3. Articles to be used as raw materials for medical care, medicine production, fertilizer production, agricultural chemical production, or petrochemical industry, or to be used for ships for the international routes, deep-sea fishery vessels or airplanes.
- (2) With respect to the articles under paragraph (1), where it is not proven that they are brought into the place of entry as prescribed by Presidential Decree, the chief of the competent district tax office or the head of the competent customs office shall collect the traffic, energy, and environment tax from a person who ship such articles out or declare the import thereof, and where any reasons including changes of use of tax-exempted articles as prescribed by Presidential Decree occur after such articles are brought into the place of entry, a person who brings such articles in shall submit the report under Article 7 to the chief of the district tax office or the head of the customs office having jurisdiction over the place of entry, and pay the traffic, energy, and environment tax by the last day of the following month of the month to which the date on which such reasons occur belongs. *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 11123, Dec. 31, 2011>*
- (3) The provisions of Articles 12 (3) and (5) and 13 (4) shall apply mutatis mutandis with regard to the articles that are shipped out under the condition of traffic, energy, and environment tax exemption under paragraph (1). *<Amended by Act No. 8138, Dec. 30, 2006>*
- (4) When the articles brought into the place of entry with the traffic, energy, and environment tax exemption under paragraph (1) are again shipped out to be offered for such uses as referred to in subparagraphs of the same paragraph or subparagraphs of Article 16, the traffic, energy, and environment tax shall be exempted under paragraphs (1) through (3) and Article 16. *<Amended by Act No. 8138, Dec. 30, 2006>*

Article 16 (Unconditional Tax Exemption)

With respect to the articles falling under any of the following subparagraphs, the traffic, energy, and environment tax shall be exempted where approval therefor has been obtained from the chief of the tax office or the head of the customs office concerned, as prescribed by Presidential Decree: *<Amended by Act No. 7576, Jul. 8, 2005; Act No. 8138, Dec. 30, 2006>*

1. Articles to donate to foreign charity or relief organizations and associations;
2. Fuel oil deemed to be loaded and used on a ship which is used to be an international trading ship or deep-sea fishery ship but becomes an inland trading ship upon approval from the head of customs office, on which no customs are levied;
3. Articles to donate to the State or the local governments;
4. Aid articles imported under a military aid program or military supply articles manufactured with such aid articles as raw materials;

5. The articles on which the traffic, energy, and environment tax is imposed when exported, where they are imported back and shipped out from a bonded area, provided that a certificate has been issued by the chief of the tax office concerned to the effect that no refund or exemption has been granted under this Act;

6. The articles manufactured in Korea on which no traffic, energy, and environment tax was imposed when exported, where they are imported back within six months from the date on which an export license is issued, become taxable articles, and are shipped out from a bonded area, provided that a certificate has been issued by the head of the customs office or the chief of the tax office concerned to the effect that no exemption or refund has been granted with regard to raw materials used for the manufacture or processing such articles under this Act or the Act on Special Cases concerning the Refund of Customs Duties, etc. Levied on Raw Materials for Export.

Article 17 (Tax Deduction and Refund)

(1) If the articles or raw materials, on which any traffic, energy, and environment tax has already been paid or is yet payable, are shipped out from a manufacturing place or a bonded area and used directly for manufacturing or processing taxable articles, the amount of such traffic, energy, and environment tax already paid or payable shall be deducted from the amount of the traffic, energy, and environment tax payable or collectable with regard to such taxable articles, as prescribed by Presidential Decree. *<Amended by Act No. 8138, Dec. 30, 2006>*

(2) If the articles, on which any traffic, energy, and environment tax has already been paid or is yet payable, fall under any of the following subparagraphs, such traffic, energy, and environment tax already paid shall be refunded, as prescribed by Presidential Decree. In such cases, traffic, energy and environment tax payable shall be exempted: *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 9901, Dec. 31, 2009; by Act No. 10403, Dec. 27, 2010>*

1. Where any taxable articles or any articles manufactured or processed with such taxable articles are exported or supplied to foreign armies stationed in Korea;

2. Where any traffic, energy, and environment tax is exempted for any taxable articles which are manufactured or processed with taxable articles shipped out from a manufacturing place or a bonded area as raw materials thereof;

3. Where any taxable articles shipped out from a manufacturing place are returned to the manufacturing place and the chief of the competent tax office confirms such return pursuant to Presidential Decree;

4. Where any taxable articles are used as raw materials for medical care, medicine production, fertilizer production, or agricultural chemical production, used for airplanes, ships for international routes, or deep-sea fishery vessels, or used by foreign missions in Korea, etc.

(3) Persons who intend to obtain confirmation as prescribed in paragraph (2) 3 shall report to the chief of the competent tax office the fact that the relevant taxable articles have been returned, by the last day of the month following the month when such return occurs: Provided, That in cases of decrease of the traffic, energy, and environment tax rate, the taxable articles concerned are deemed to have been returned to the

same manufacturing place when they are returned to the stockyard of the manufacturer and, upon reporting of such return, a confirmation has been obtained from the chief of the tax office having jurisdiction over the stockyard within five days from the date of tax rate deduction. *<Amended by Act No. 5035, Dec. 29, 1995; Act No. 8138, Dec. 30, 2006; Act No. 13621, Dec. 29, 2015>*

(4) Where the traffic, energy, and environment tax is collected because the fact of entry is not proven within the designated period, or where the traffic, energy, and environment tax is reported and paid because of reasons including changes of use of tax-exempted articles, as referred to in Articles 12 (2) or 15 (2), the tax amount already paid or payable with regard to raw materials thereof shall not be deducted or refunded. *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 11123, Dec. 31, 2011>*

(5) A person who intends to receive tax deduction or refund under paragraphs (1) and (2) shall prepare and submit documents prescribed by Presidential Decree together with the report under Article 7 to the chief of the competent district tax office or the head of the competent customs office by the last day of the month to which the date when six months lapse after the occurrence of the relevant reason belongs. *<Amended by Act No. 11123, Dec. 31, 2011>*

(6) Additional tax imposed or to be imposed on the articles on which traffic, energy, and environment tax has already been paid or is to be payable, shall not be deducted or refunded. *<Amended by Act No. 8138, Dec. 30, 2006>*

(7) With regard to the deduction under paragraph (1), where the tax amount imposed on the relevant raw material or purchased articles exceeds the tax amount on the articles manufactured with such raw material, the balance amount of tax shall not be deducted.

(8) With regard to the articles falling under paragraph (2) 4, for which any refund or deduction has been granted, when it is confirmed that they are not used for the stated use, the refunded or deducted traffic, energy, and environment tax shall be collected. *<Amended by Act No. 8138, Dec. 30, 2006>*

(9) Where the taxable articles subject to individual consumption tax are used as raw materials for the manufacturing of the taxable articles subject to the traffic, energy, and environment tax, such individual consumption tax amount may be deducted or refunded from the traffic, energy, and environment tax amount to be paid or collected in accordance with paragraphs (1) through (7). *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 8829, Dec. 31, 2007>*

Article 18 (Report of Business Founding and Closure, etc.)

(1) Those who wish to manufacture any taxable article shall report to the chief of the competent tax office, as prescribed by Presidential Decree. The same shall apply to business suspension or closure, or changes in reported details of business.

(2) Where a manufacturing business of any taxable article is taken over as a result of transfer or succession of such business, or of merger of corporations, the transferee, the successor, or the corporation which survives the merger or is newly incorporated by way of merger, shall file a report on such fact with the chief of the tax office concerned. In such case, the transferee shall report so jointly with the transferer.

(3) Notwithstanding paragraph (1), an entrepreneur who has two or more manufacturing places may file a report with the head of the tax office having jurisdiction over the headquarters or main office of the relevant entrepreneur by business unit. *<Newly Inserted by Act No. 10403, Dec. 27, 2010>*

(4) When an entrepreneur who has reported his/her business founding under paragraph (1) intends to file a report by business unit under paragraph (3), he/she shall file a report thereon by not later than 20 days before the month in which he/she intends to be treated as a taxable entrepreneur by business unit. *<Newly Inserted by Act No. 10403, Dec. 27, 2010>*

(5) Matters necessary for the report of business founding and closure, etc. shall be prescribed by Presidential Decree, in addition to the matters prescribed in paragraphs (1) through (4). *<Newly Inserted by Act No. 10403, Dec. 27, 2010>*

Article 19 (Book-keeping Obligation)

A manufacturer of taxable articles shall keep an account book for each manufacturing place and record the matters concerning the manufacture, storage, and sales thereof, as prescribed by Presidential Decree.

Article 20 (Succession of Rights and Obligations)

Where any comprehensive succession with regard to a business as a manufacturing business takes place without de facto movement of the manufacturing place, the successor shall succeed to the rights and obligations of the predecessor as listed in the following subparagraphs. The same shall apply to cases where the status of the person who has brought in without tax payment or under tax exemption has been comprehensively taken over pursuant to Article 12 (1) or 15 (1): *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 11123, Dec. 31, 2011>*

1. Obligations to report the tax base under Article 7, to pay the tax amount under Article 8, and to pay additional tax amount under Articles 47-2 through 47-4 of the Framework Act on National Taxes;
2. Obligations to keep an account book and make records in it pursuant to Article 19;
3. Rights on the articles under ex post facto control as the articles brought in without tax payment or under tax exemption under this Act;
4. Rights and obligations with regard to tax deduction and exemption under Article 17.

Article 21 (Order)

(1) When it is deemed necessary for securing payment of traffic, energy, and environment tax, the Government may issue to a manufacturer or seller, etc. of taxable articles an order concerning the issuance of tax calculation sheet and other matters necessary for the regulation purpose, as prescribed by Presidential Decree. *<Amended by Act No. 8138, Dec. 30, 2006; Act No. 13621, Dec. 29, 2015>*

(2) When it is deemed necessary for securing payment of traffic, energy, and environment tax, the Government may issue an order to a person who brings articles in without tax payment or under the tax exemption under Article 12 (1) or 15 (1) to submit data for taxation or other matters necessary for enforcement of regulation. *<Amended by Act No. 8138, Dec. 30, 2006>*

Article 22 (Interrogation and Examination)

(1) A tax official may ask a manufacturer or seller, etc. of taxable articles questions concerning the matters as prescribed in each of the following subparagraphs and check an account book, documents, and other things relating thereto when deemed necessary for examining the traffic, energy and environment tax:

<Amended by Act No. 8138, Dec. 30, 2006; Act No. 13621, Dec. 29, 2015>

1. Possession of taxable articles or any goods manufactured using such taxable articles by the manufacturer or the seller, etc. thereof;
2. Account books and documents concerning the manufacture, storage, or sales of taxable articles or any goods manufactured using such taxable articles;
3. A building, machine, equipment, materials, and other things necessary for the manufacture, storage, and sales of taxable articles or any goods manufactured using such taxable articles.

(2) A tax official may ask questions concerning the origin and destination of taxable articles or any goods manufactured using such taxable articles under transportation. In such cases, the tax official may take necessary measures including the cessation of such transportation, or the seal on the goods or on the transporting vehicles and ships, when deemed necessary for enforcement of regulation.

Article 23 (Presentation of Certificate for Authorities)

When a tax official questions, examines, and takes necessary measures as prescribed in Article 22, he/she shall carry an identification indicating his/her authority and show it to the persons concerned.

Article 24 (Jurisdiction over Traffic, Energy and Environment Tax)

Duties relating to taxation of and collection for the articles shipped out from a bonded area or brought into a bonded factory shall be conducted by the head of the customs office having jurisdiction over the bonded area.

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1994.

Article 2 (Effective Period)

This Act shall remain in force until December 31, 2018. *<Amended by Act No. 7011, Dec. 30, 2003; Act No. 8138, Dec. 30, 2006; Act No. 9901, Dec. 31, 2009; Act No. 11603, Jan. 1, 2013; Act No. 13550, Dec. 15, 2015>*

Article 3 (General Applicability)

This Act shall apply beginning from the articles shipped out from a manufacturing place or declared for importation since January 1, 1994 and thereafter.

Article 4 (General Transitional Measures)

With regard to special consumption tax already imposed or to be imposed under the previous Special Consumption Tax Act before this Act enters into force, the previous Special Consumption Tax Act shall apply.

Article 5 (Transitional Measures concerning Tax Refund, etc.)

Any tax amount to be deducted or refunded under the previous Special Consumption Tax Act before this Act enters into force shall be determined by the previous Special Consumption Tax Act: Provided, That in cases of the request from a person whose tax is to be deducted or refunded, such tax amount may be deducted from the traffic tax amount or refunded under this Act.

Article 6 (Transitional Measures concerning ex post facto Control on Tax-Exempted Articles, etc.)

With regard to the articles shipped out without tax payment or under tax exemption under the previous Special Consumption Tax Act and under the ex post facto control at the time this Act enters into force, the previous Special Consumption Tax Act shall apply.

Article 7 (General Transitional Measures concerning Special Cases of Tax Refund)

With regard to an offset or refund of the special consumption tax amount already collected or to be collected on the taxable articles subject to the traffic tax under the Act on Special Cases concerning the Refund of Customs Duties, etc. Levied on Raw Materials for Export at the time this Act enters into force, the previous Special Consumption Tax Act shall apply.

Article 8 (Transitional Measures concerning Business Founding Report)

Those who reported their business founding as prescribed in Article 21 of the previous Special Consumption Tax Act shall be considered as having reported under this Act.

Article 9 (Non-Application of Special Consumption Tax Act)

With regard to the articles as referred to in Article 1 (2) 4 (a) and (b) of the Special Consumption Tax Act, the Special Consumption Tax Act shall not apply insofar as this Act applies. <Amended by Act No. 4809, Dec. 22, 1994; Act No. 6032, Dec. 3, 1999>

Article 10 Omitted.

ADDENDA <Act No. 4809, Dec. 22, 1994>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1995. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <Act No. 5035, Dec. 29, 1995>

(1) (Enforcement Date) This Act shall enter into force on January 1, 1996: Provided, That with regard to applying tax rates for light oil, 40 won per liter shall be applied to such light oil which is shipped out from a manufacturing place or declared in the year 1996, notwithstanding the amended provisions of Article 2 (1).

(2) (Applicability) This Act shall apply to the articles which are shipped out from a manufacturing place or declared for importation on or after the date when this Act takes effect: Provided, That the amendments to the proviso to Article 17 (3) shall also apply to the articles shipped out before this Act enters into force.

(3) (Transitional Measures) With regard to the traffic tax imposed or to be imposed pursuant to the previous provisions at the time this Act enters into force, such previous provisions shall prevail.

ADDENDA <Act No. 5494, Jan. 8, 1998>

- (1) (Enforcement Date) This Act shall enter into force on the first day following the date of its promulgation.
- (2) (Applicability) This Act shall apply to any taxable article which is shipped out from a manufacturing place or the import of such taxable article is declared on or after the date this Act takes effect.
- (3) (Transitional Measures) With regard to the traffic tax imposed or to be imposed pursuant to the previous provisions at the time this Act enters into force, such previous provisions shall prevail.
- (4) Omitted.

ADDENDA <Act No. 5554, Sep. 16, 1998>

- (1) (Enforcement Date) This Act shall enter into force on the first day following the date of its promulgation.
- (2) (Applicability) This Act shall apply to any taxable article which is shipped out from a manufacturing place or is declared for importation on or after the date when this Act takes effect.

ADDENDA <Act No. 6032, Dec. 3, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <Act No. 6295, Dec. 29, 2000>

- (1) (Enforcement Date) This Act shall enter into force on July 1, 2001.
- (2) (General Applicability) This Act shall apply to any taxable article which is shipped out from a manufacturing place or declared for importation on or after the date this Act takes effect.
- (3) (Special Cases concerning Traffic Tax on Light oil, etc.) Notwithstanding the amendments to Article 2 (1) 2, with respect to the articles which are shipped out from a manufacturing place, or declared for importation, for the period from July 1, 2001 to June 30, 2003, the tax rates falling under the respectively applied periods on the following Table shall be applied:
- (4) (Transitional Measures) With respect to the traffic tax levied or to be levied under the previous provisions at the time this Act enters into force, the previous provisions shall apply.

ADDENDA <Act No. 7011, Dec. 30, 2003>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2004.

Article 2 (General Applicability)

This Act shall apply from any taxable article which is shipped out from a manufacturing place or declared for importation on or after the date this Act takes effect.

Article 3 (Special Cases concerning Application of Traffic Tax Rates to Light Oil, etc.)

Notwithstanding the amendments to Article 2 (1) 2, the tax rates falling under the respectively applied periods on the following Table shall apply with respect to the articles which are shipped out from a manufacturing place, or declared for importation during the period from January 1, 2004 to June 30, 2006. <Amended by Act No. 7576, Jul. 8, 2005>

Article 4 (Transitional Measures)

The previous provisions shall apply to the traffic taxes levied or to be levied under the previous provisions at the time this Act enters into force.

Article 5 Omitted.

ADDENDA <Act No. 7576, Jul. 8, 2005>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Traffic Tax Rate of Light Oil) This Act shall apply to any taxable article which is shipped out from a manufacturing place or declared for importation first after the enforcement of this Act.

(3) (Transitional Measures concerning Imposition of Traffic Tax on Light Oil) The previous provisions shall govern the traffic tax imposed or to be imposed under the previous provisions on or after the date when this Act takes effect.

ADDENDA <Act No. 8138, Dec. 30, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007: Provided, That the amended provisions of Article 2 (1) 2 shall enter into force on July 1, 2007.

Article 2 (General Applicability)

This Act shall apply to the taxable articles that are shipped out from a manufacturing place or declared for importation on or after the date this Act takes effect.

Article 3 (Transitional Measures)

The previous provisions shall govern the traffic tax imposed or to be imposed under the previous provisions at the time this Act enters into force.

Article 4 (Transitional Measures concerning Additional Tax)

The previous provisions shall govern the additional tax on traffic tax imposed or to be imposed under the previous provisions of Article 11 before the enforcement of this Act.

Article 5 Omitted.

Article 6 (Relations with other Statutes)

Where other statutes cite the previous Traffic Tax Act and the provisions thereof at the time this Act enters into force, if any corresponding provisions are included in this Act, they shall be construed to have cited this Act or the corresponding provisions thereof in lieu of the previous provisions.

ADDENDA <Act No. 8829, Dec. 31, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2008.

Articles 2 through 12 Omitted.

ADDENDA <Act No. 9132, Sep. 26, 2008>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability) This Act shall apply, beginning from the taxable articles shipped out from a manufacturing place or declared for importation on or after the date this Act enters into force.

(3) (Transitional Measures) The traffic, energy, and environment tax imposed or to be imposed under the previous provisions of this Act at the time this Act enters into force shall be governed by the previous provisions.

ADDENDA <Act No. 9901, Dec. 31, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force on December 31, 2009: Provided, That the amended provisions of Article 17 (2) 3 shall enter into force on January 1, 2010.

Article 2 (Applicability to Tax Credit and Refund)

The amended provisions of Article 17 (2) 3 shall apply, beginning from the first articles returned to a manufacturing place after the same provisions enter into force under the proviso to Article 1 of the Addenda.

Article 3 Omitted.

ADDENDA <Act No. 10403, Dec. 27, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on Jan 1, 2011: Provided, That the amended provisions of Articles 8-2 and 18 (3) through (5) shall enter into force on July 1, 2011.

Article 2 (Applicability to Oil, etc. Excluded from Exemption for Diplomats)

The amended provisions of Article 14 (1) shall apply with regard to oil, etc. purchased by foreign missions in Korea, etc. or foreign diplomats in Korea, etc. at sales or manufacturing places on or after the date this Act takes effect.

ADDENDA <Act No. 11123, Dec. 31, 2011>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2012.

Article 2 (General Applicability)

This Act shall apply, beginning from the first taxable articles that are shipped out from a manufacturing place or declared for importation after January 1, 2012.

Article 3 (Applicability to Report and Payment Period, etc. in Cases of Public Sales and Auction or de facto Closure of Manufacture)

(1) The amended provisions of Articles 7 (4) and 8 (1) shall also apply where the report and payment period under the previous provisions of this Act has yet to expire as of the date this Act enters into force.

(2) The amended provision of Article 17 (5) shall apply, beginning from the first application for tax deduction and refund on or after the date this Act takes effect.

Article 4 (Applicability to Special Cases concerning Blend of Different Oils at Reservoirs, etc.)

The amended provisions of Article 8-3 shall apply beginning from the first case of blended oil, etc. existing on or after this Act takes effect.

Article 5 (Applicability of Determination or Decision of Correction, etc. of Tax Base and Tax Amount)

Among the amended provisions of Article 9, paragraphs (1) and (3) shall apply beginning from the first case of determination or decision of correction or re-correction of the tax base and tax amount on or after the date when this Act takes effect.

Article 6 (Applicability to Special Cases concerning Taxation for Sellers, etc. of Pseudo-Petroleum Products)

The amended provisions of Article 11 shall apply beginning from the first case of selling or storing for sales pseudo-petroleum products on or after the date this Act takes effect.

Article 7 (Applicability to Report and Payment on Articles under Conditional Tax Exemption)

The amended provisions of Articles 15 (2) and 17 (4) shall respectively apply, beginning from the first case of changes of use of tax-exempted articles, etc. on or after the date this Act takes effect.

Article 8 (General Transitional Measures)

The traffic, energy, and environment tax to have been imposed or exempted or to be imposed or exempted under the previous provisions of this Act at the time this Act enters into force shall be governed by the previous provisions.

ADDENDA <Act No. 11603, Jan. 1, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on Jan 1, 2013.

Article 2 (Applicability to Special Cases concerning Blend, etc. of Different Types of Petroleum Products at Oil Reservoirs)

The amended provisions of Article 8-3 shall apply from the first occurrence of blended oil, etc. after this Act enters into force.

Article 3 Omitted.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

- (1) This Act shall enter into force on the date of its promulgation.
- (2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 13550, Dec. 15, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force on Dec. 31, 2015.

Article 2 Omitted.

ADDENDA <Act No. 13621, Dec. 29, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Deadline for Return to Manufacturing Place)

The amended provisions of Article 17 (3) shall apply, beginning with the first return to the manufacturing place after this Act enters into force.