Tax Structure in Korea

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The tax structure in Korea consists of two parts: National tax and Local tax. National tax revenue which is collected by the central government is 80% of the total revenue and Local tax revenue is only 20%. Among national tax, individual income tax, corporate income tax and VAT (value added tax) are important with respect to the revenue. VAT revenue is more than income tax. In local tax, the revenue of registration & acquisition tax (on the transaction of the property) are larger than the property tax.

Several points in Korean tax structure are summarized as the followings. First, the revenue of individual income tax is lower than the VAT. Second, the tax burden is regressive on the whole. Third, the great part of the revenue of local government is dependent on the transaction of the property. Fourth, central government needs more revenue to fill the redistributed expenditure.