

Chapter VIII: Liquor Tax

1. Taxpayer

- a. Manufacturers of liquor and persons taking over liquor from a bonded area are liable to liquor tax on the liquor carried out of the manufacturing premises or taken out of the bonded area.
- b. A person who intends to manufacture or sell liquor must get a manufacturing license or a selling license from the government.

2. Tax Base

- a. Spirits (alcohol content 85% or more): the volume of liquor carried out of the brewery or taken out of a bonded area
- b. Liquor other than spirits: The price of liquor carried out of the brewery or taken out of a bonded area

3. Tax Rates

a. Spirits (specific tax system)

57,000 won per kl (600 won is added for every additional 1% which exceeds 95% of alcohol content)

b. Other Liquor (ad valorem tax system)

(1) Takju	5%
(2) Yakju	30%
(3) Beer	72%
(4) Cheongju	30%
(5) Fruit wine	30%
(6) Distilled soju	72%
(7) Diluted soju	72%
(8) Whiskey	72%
(9) Brandy	72%

(10) General distilled spirits 72%

(11) Liqueur 72%

(12) Other liquors

(a) Liquors made by fermenting method other than fermented liquor: 30%

(b) Liquors, except distilled liquor mixed with the fermented method and neutral spirits or distilled liquor: 72%

* 50% tax rate out of above-mentioned liquors' tax rates is applied to the traditional liquors which fall into the following conditions:

i) Fermented liquors - up to 200 kℓ when producing the liquors less than 500 kℓ per year

ii) Distilled liquors - up to 100 kℓ when producing the liquors less than 250 kℓ per year

4. Tax Returns and Payment

- a. A liquor tax return on the monthly volume and the prices of liquor delivered must be filed by the last day of the month after the following month of the date in which the liquor is delivered from the brewer or distiller, and the tax must be paid within the time limit of the tax return.
- b. With respect to liquor taken out of a bonded area, the return must be filed and the recipient must pay the tax at the time of takeover.
- c. Where the return has not been filed, or the contents or filed return are not proper, the government will determine the tax base and the tax amount due.

5. Exemptions

The following items of liquor are exempt from liquor tax:

- a. Liquor to be exported
- b. Liquor supplied to foreign military forces stationed in Korea
- c. Liquor supplied to Korean forces stationed abroad
- d. Liquor supplied to foreign diplomatic missions in Korea

- e. Liquor supplied to lounges for foreign crews
- f. Liquor imported by foreign diplomatic missions for official use and by diplomatic officials for self-use
- g. Liquor presented from a foreign country for ceremonial use by temples, churches, and other religious institutions
- h. Liquor collected for the purpose of examination
- i. Liquor carried by tourists and exempted from customs duties
- j. Liquor manufactured by a person who knows a secret method of brewing, and is designated as an intangible cultural asset