

## Law Viewer

## LIQUOR TAX ACT

Wholly Amended by Act No. 6055, Dec. 28, 1999

Amended by Act No. 6559, Dec. 31, 2001

Act No. 7031, Dec. 31, 2003

Act No. 7323, Dec. 31, 2004

Act No. 7428, Mar. 31, 2005

Act No. 7532, May 31, 2005

Act No. 7841, Dec. 31, 2005

Act No. 8139, Dec. 30, 2006

Act No. 8837, Jan. 9, 2008

Act No. 8852, Feb. 29, 2008

Act No. 9847, Dec. 29, 2009

Act No. 9899, Dec. 31, 2009

Act No. 10402, Dec. 27, 2010

Act No. 11134, Dec. 31, 2011

Act No. 11690, Mar. 23, 2013

Act No. 11718, Apr. 5, 2013

Act No. 11873, Jun. 7, 2013

Act No. 13248, Mar. 27, 2015

Act No. 13383, Jun. 22, 2015

Act No. 14051, Mar. 2, 2016

Act No. 15228, Dec. 19, 2017

## CHAPTER I GENERAL PROVISIONS

## Article 1 (Taxable Objects)

Liquor tax shall be imposed on alcoholic beverages pursuant to this Act.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

## Article 2 (Taxpayers)

Any of the following persons shall pay liquor tax pursuant to this Act:

1. A person who manufactures alcoholic beverages and ships them out of a manufactory;
2. A person who is liable to pay import duty on the imported alcoholic beverages pursuant to the Customs Act.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

## Article 3 (Definitions)

The terms used in this Act shall be defined as follows: <Amended by Act No. 10402, Dec. 27, 2010; Act No. 11718, Apr. 5, 2013; Act No. 13248, Mar. 27, 2015; Act No. 13383, Jun. 22, 2015; Act No. 14501, Mar. 2, 2016; Act No. 15228, Dec. 29, 2017>

1. The term "alcoholic beverages" means the following:

- (a) Spirits (referring to ethyl alcohol which can become potable when diluted, and including crude spirits which may become potable, if purified, though not directly made potable due to impurities contained);
- (b) Beverages which contain one-percent or higher alcohol content (including those in a powder state that can become potable when dissolved, but, excluding those that contain less than six-percent alcohol content and are prescribed as medicine under the Pharmaceutical Affairs Act;

1-2. The term "traditional liquor" means any of the following alcoholic beverages:

- (a) Alcoholic beverages manufactured by a holder of a national intangible cultural heritage, in the area of alcoholic beverage, designated under Article 17 of the Act on the Safeguarding and Promotion of Intangible Cultural Heritage, and by a holder of a City/Do-designated cultural heritage, in the area of alcoholic beverages, under Article 32 of the same Act;
- (b) Alcoholic beverages manufactured by a food grand master in the area of alcoholic beverages, designated under Article 14 of the Food Industry Promotion Act;
- (c) From among alcoholic beverages directly produced by agricultural business entities or producers organizations under Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry or fisheries business entities or producers organizations under Article 3 of the Framework Act on Fisheries and Fishing Villages Development, or alcoholic beverages manufactured by using agricultural products manufactured in the Special Self-Governing City, Special Self-Governing Province or Si/Gun/Gu (referring to an autonomous Gu; hereinafter the same shall apply) having jurisdiction over the location of a place for manufacturing alcoholic beverages or in a Special Self-Governing City or Si/Gun/Gu adjacent thereto as main ingredients, alcoholic beverages produced upon recommendation by the Special Metropolitan City Mayor, a Metropolitan City Mayor, the Special Self-Governing City Mayor, a Do Governor or the Special Self-Governing Province Governor pursuant to Article 8 (1) of the Act on Promotion of Korean Traditional Liquor Industries;

2. The term "specifications of alcoholic beverage" means the following classification criteria of alcoholic beverages:

- (a) Quantity of raw materials consumed in manufacture of alcoholic beverages;
- (b) Kind and ratio of materials that can be added to alcoholic beverages;
- (c) Alcohol content and nonvolatile ingredients of alcoholic beverages;
- (d) Period of storage of alcoholic beverages in wooden casks;
- (e) Filtering method of alcoholic beverages;
- (f) Other classification criteria of alcoholic beverages;

3. The term "alcohol content" means the quantity of ethyl alcohol (referring to what has the specific gravity of 0.7947 at 15°C) contained in the total volume;

4. The term "nonvolatile ingredients" means non-volatile ingredients contained in the total volume;

5. The term "brewing or distilling year" means the period from January 1st to December 31st of each year;

6. The term "malt" means cultivated and proliferated yeast that can ferment sugar-containing materials into alcohol;

7. The term "wort" means materials in the stage from having added media that can ferment raw materials of alcoholic beverages to right before they are brewed or distilled into alcoholic beverages;

8. The term "yeast" means the following:

- (a) Fungi proliferated in materials containing starch;
- (b) Fungi proliferated in a mixture of materials containing starch and other materials;
- (c) Enzymes that can reduce materials containing starch into sugar;

9. The term "direct sales outlet" means a place equipped with sales facilities by a manufacturer of alcoholic beverages, to directly sell alcoholic beverages manufactured or acquired in connection with his/her business;
10. The term "evasion" means dodging tax payment or getting tax refunded or reduced by illegal means.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 4 (Kinds of Alcoholic Beverages)

(1) Alcoholic beverages shall be classified as follows: <Amended by Act No. 11718, Apr. 5, 2013>

1. Spirits;
2. Brewed alcoholic beverages:
  - (a) Makkoli;
  - (b) Rice wine;
  - (c) Refined rice wine;
  - (d) Beer;
  - (e) Fruit wine;
3. Distilled alcoholic beverages:
  - (a) Soju;
  - (b) Whisky;
  - (c) Brandy;
  - (d) Other distilled alcoholic beverages;
  - (e) Liqueur;
4. Other alcoholic beverages.

(2) The alcoholic beverages listed under paragraph (1) are described in detail by kind in the attached Table.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 5 (Specifications, etc. of Alcoholic Beverages)

- (1) The degree of alcohol content shall be expressed by the alcohol content contained in 100 parts of the total volume at 15°C. <Amended by Act No. 10402, Dec. 27, 2010>
- (2) The degree of non-volatile ingredients shall be expressed by their number of grams contained in 100 cubic centimeters of the total volume at 15°C. <Amended by Act No. 10402, Dec. 27, 2010>
- (3) No alcoholic beverages shall contain any harmful ingredients prescribed in the Food Sanitation Act or other sanitation-related statutes prescribed by Presidential Decree.
- (4) Matters necessary for defining the specifications of alcoholic beverages shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 5-2 Deleted. <by Act No. 14501, Mar. 2, 2016>

CHAPTER II MANUFACTURE AND SALE OF ALCOHOLIC BEVERAGES

SECTION 1 License for Manufacturing Alcoholic Beverages and License for Alcoholic Beverages Sales Business

Article 6 (License for Manufacturing Alcoholic Beverages)

- (1) Any person who intends to manufacture alcoholic beverages shall obtain a license from the head of the competent tax office, by meeting the criteria for facilities and other

requirements prescribed by Presidential Decree by manufactory and by kind of alcoholic beverages under Article 4. The same shall also apply when intending to add other alcoholic beverages in the manufacturing at the same manufactory.

- (2)When a person who has obtained a license for manufacturing alcoholic beverages under paragraph (1) (hereinafter referred to as "license for manufacturing alcoholic beverages") dilutes alcoholic beverages with water or mixes alcoholic beverages with materials that are allowed to be added to licensed alcoholic beverages at the manufactory in order to manufacture the licensed alcoholic beverages, it shall not be deemed manufacturing: Provided, That cases falling under subparagraph 3 (a) (V) through (IX) of the attached Table shall be deemed manufacturing. <Amended by Act No. 11718, Apr. 5, 2013>
- (3)A person who has obtained a license for manufacturing alcoholic beverages may establish a separate factory for bottling the relevant alcoholic beverages (hereinafter referred to as "bottling factory") by obtaining a permit from the head of the competent tax office. In such cases, the act of bottling shall be deemed manufacturing alcoholic beverages and such bottling factory shall be deemed a manufactory of alcoholic beverages.
- (4)Where deemed necessary to have alcoholic beverages jointly manufactured by at least two persons who are separately licensed for manufacturing alcoholic beverages under Presidential Decree for the purpose of securing liquor tax revenues, the head of the competent tax office may newly issue a joint manufacture license after revoking their separate licenses. In such cases, when the competent tax office deems it no longer necessary to maintain such a joint license for securing liquor tax, he/she may reinstate their previous separate manufacture licenses after revoking the joint license, as prescribed by Presidential Decree, upon receipt of an application therefor from the relevant joint licensees.
- (5)When the facilities of a manufactory operated by a person who has obtained a license for manufacturing alcoholic beverages become insufficient to meet the criteria under paragraph (1), the head of the competent tax office head may order him/her to complement them, as prescribed by Presidential Decree.
- (6)Notwithstanding paragraph (1), alcoholic beverages may be manufactured without a license for manufacturing alcoholic beverages, in any of the following cases: <Newly Inserted by Act No. 10402, Dec. 27, 2010>
- 1.Where the State or a local government manufactures alcoholic beverages for the purpose of testing;
  - 2.Where a national and public research institution and a school referred to in Article 2 of the Higher Education Act manufactures alcoholic beverages for the purpose of academic research.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 7 (License for Manufacture of Malt or Wort)

Any person who intends to manufacture malt or wort shall obtain a license from the head of the competent tax office, by meeting the criteria for facilities and other requirements prescribed by Presidential Decree by manufactory: Provided, That this shall not apply when a person who has obtained a license for manufacturing alcoholic beverages produces malt or wort at his/her own manufactory as the raw materials.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 8 (License for Alcoholic Beverage Sales Business)

- (1) A person who intends to engage in alcoholic beverage sales business (including sales brokerage business and entertainment business; hereinafter the same shall apply) shall obtain a license from the head of the competent tax office, by meeting criteria for facilities and other requirements prescribed by Presidential Decree for each sales outlet by type of alcoholic beverage sale business. <Amended by Act No. 11134, Dec. 31, 2011>
- (2) The types of alcoholic beverage sales business under paragraph (1) shall be prescribed by Presidential Decree.
- (3) Deleted. <by Act No. 11134, Dec. 31, 2011>
- (4) Where any of the following persons files a report on the sale of alcoholic beverages with the head of the competent tax office as prescribed by Presidential Decree, he/she shall be considered to have obtained a license for alcoholic beverage sales business under paragraph (1) (hereinafter referred to as "license for alcoholic beverage sales business"): <Amended by Act No. 10402, Dec. 27, 2010; Act No. 11134, Dec. 31, 2011>
1. A person who operates alcoholic beverage sales business at a business establishment licensed under the Food Sanitation Act;
  2. A person determined by Presidential Decree, who sells alcoholic beverages not as his/her main business.
- (5) Article 6 (5) shall apply mutatis mutandis to those who have obtained a license for alcoholic beverage sales business.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 8-2 (Succession to License for Manufacture of Alcoholic Beverages, etc. following Conversion to Corporation)

Where a person who has obtained a license for manufacturing alcoholic beverages, malt or wort or a license for alcoholic beverage sales business under Articles 6 through 8 converts into a corporation by having such corporation succeed to all the rights and obligations concerning such business, he/she shall report such to the competent tax office after meeting the criteria for facilities and other requirements prescribed in Articles 6 (1), 7 and 8 (1). In such case, where the corporation does not fall under the grounds for restriction on licensing under Article 10, it shall be deemed to have obtained a license for manufacturing alcoholic beverages, malt or wort or a license for alcoholic beverage sales business. <Amended by Act No. 11718, Apr. 5, 2013>

[This Article Newly Inserted by Act No. 11134, Dec. 31, 2011]

Article 9 (Conditions for Licensing)

- (1) Where deemed necessary for securing liquor tax revenue in issuing a license for manufacturing alcoholic beverages, malt or wort, or a license for alcoholic beverages sales business, the head of the competent tax office may specify the license term, scope of manufacture or sales, or other conditions to be observed in manufacture or sales as conditions for licensing.
- (2) When the head of the competent tax office determines conditions under paragraph (1), he/she shall clarify grounds therefor specifically, and when he/she deems that the

relevant conditions are unnecessary for securing liquor tax revenue, he/she shall revoke such conditions. <Newly Inserted by Act No. 11718, Apr. 5, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 10 (Restriction on Licensing)

Where an application for a license is filed or a report on conversion into the corporation is made under Articles 6 through 8 and 8-2, the head of the competent tax office may not issue licenses or accept such report, in any of the following cases: <Amended by Act No. 11134, Dec. 31, 2011; Act No. 14051, Mar. 2, 2016>

1. Where two years have not yet elapsed after the license of an applicant was revoked pursuant to Articles 13 through 15;
2. Where an applicant for a license or a reporter of the corporation to be converted (hereinafter referred to as "converted corporation") under Article 8-2 is a minor, or a person under limited guardianship or adult guardianship, and where the legal representative of such minor or person falls under any of subparagraphs 1 or 7 through 10;
3. Where a corporation applying for a license or a converted corporation has an executive officer who falls under any of subparagraphs 1 or 7 through 10;
4. Where an applicant for a license or a reporter of the converted corporation intends to appoint a person who falls under any of subparagraphs 1 or 7 through 10 as the manager of a manufactory or sales outlet;
5. Where an applicant for a license or a reporter of the converted corporation has no address or residence in Korea, and the applicant's agent or manager falls under any of subparagraphs 1 or 7 through 10;
6. Where an applicant for a license or a reporter of the converted corporation has defaulted in the payment of national or local taxes at the time of filing an application or report;
7. Where five years have not yet elapsed after an applicant for a license was subjected to punishment or dispositions for dodging more than 500,000 won of national or local taxes;
8. Where five years have not yet elapsed after an applicant for a license was punished under Article 10 (3) or (4) of the Punishment of Tax Offenses Act;
9. Where an applicant for a license has been sentenced to imprisonment without labor or greater punishment and for whom five years have not yet elapsed after the completion of execution (including where execution is deemed completed) or the exemption therefrom;
10. Where an applicant for a license is under the suspension of the execution of imprisonment without labor or heavier punishment as declared by a court;
11. Where an applicant for a license intends to set up a sales outlet, without justifiable reasons, at a place that has been designated or publicly notified by the Commissioner of the National Tax Service to be inappropriate in terms of securing tax revenues or administering distribution or sales of alcoholic beverages;
12. Where an applicant for a license is a person who has been declared as a bankrupt and who has not been reinstated yet;
13. Where an applicant for a license intends to set up a sales outlet in a region that has

been designated or publicly notified by the Commissioner of the National Tax Service to be noticeably detrimental to the balance of supply and demand of alcoholic beverages in consideration of population, consumption of alcoholic beverages, number of existing sales outlets, etc.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 11 (Relocation of Manufactory or Sales Outlets)

When a person who has obtained a license for manufacturing alcoholic beverages, malt or wort, or a license for alcoholic beverage sales business intends to relocate his/her manufactory or sales outlet, he/she shall report it to the head of the competent tax office having jurisdiction over the place of relocation, as prescribed by Presidential Decree: Provided, That if the place whereto a person who has obtained a license for alcoholic beverage sales business prescribed by Presidential Decree intends to relocate his/her sales outlet is one that falls under subparagraph 11 or 13 of Article 10, he/she shall obtain permission from the head of the competent tax office having jurisdiction over the place of relocation.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 12 (Suspension of Manufacture or Shipment of Alcoholic Beverages)

(1) Where a person who has obtained a license for manufacturing alcoholic beverages falls under any of the following cases, the head of the competent tax office shall suspend the licensee's manufacture or shipment of alcoholic beverages by fixing a period not exceeding three months (where the licensee falls under subparagraph 3 or 9, a period until when the cause thereof ceases to exist): <Amended by Act No. 10402, Dec. 27, 2010; Act No. 11873, Jun. 7, 2013>

1. Where the licensee manufactures alcoholic beverages in contravention of Article 5 (3);
2. Where the licensee fails to report under the main sentence of Article 11, or relocates his/her manufactory by making a false report;
3. Where the licensee fails to provide security or retain alcoholic beverages in contravention of Article 36;
4. Where the licensee violates the matters designated under Article 43;
- 4-2. Deleted; <by Act No. 11718, Apr. 5, 2013>
5. Where the licensee intentionally violates bookkeeping duties under Article 47 (including an intentional violation of bookkeeping duties at a direct sales outlet established under Article 17 (1));
6. Where the licensee falls under any of subparagraphs 1 through 3 of Article 12 of the Punishment of Tax Offenses Act;
7. Where the licensee dodges liquor tax payment;
8. Where the licensee manufactures alcoholic beverages in contravention of their specifications;
9. Where the licensee defaults in the payment of liquor tax for over three months;
10. Where the amount of fines for violating the duty to issue tax invoices under Article 10 (1), (2) or (3) of the Punishment of Tax Offenses Act by taxation period under Article 5 (1) of the Value-Added Tax Act is at least 5/1,000, but less than 50/1,000 of the total sales of alcoholic beverages (referring to the total purchases of alcoholic beverages where they are larger than the total sales of alcoholic beverages).

(2) Where any semi-processed products remain when an order to suspend the manufacture or shipment of alcoholic beverages is issued pursuant to paragraph (1), the head of the competent tax office may allow the licensee to continue such a manufacture or other necessary measures, as prescribed by Presidential Decree. In such cases, this Act shall apply to the manufacture of the relevant alcoholic beverages until the liquor tax is fully paid.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 13 (Revocation of License for Manufacturing Alcoholic Beverages)

(1) Where a person who has obtained a license for manufacturing alcoholic beverages falls under any of the following cases, the head of the competent tax office shall revoke all licenses for manufacturing alcoholic beverages at the relevant manufactory (limited to the license for manufacturing the relevant alcoholic beverage, in cases falling under subparagraph 3 or 3-2): <Amended by Act No. 11873, Jun. 7, 2013; Act No. 15228, Dec. 19, 2017>

1. Where he/she has obtained a license for manufacturing alcoholic beverages by improper means;
2. Where the amount of fines for violating the duty to issue tax invoices under Article 10 (1), (2), or (3) of the Punishment of Tax Offenses Act for each taxation period under Article 5 (1) of the Value-Added Tax Act on at least one of the direct sales outlets for which the manufacturer of alcoholic beverages has obtained licenses is at least 50/1,000 of the total sales of all direct sales outlets for which the relevant manufacturer has obtained licenses (referring to the total purchases of alcoholic beverages, where they are larger than the total sales of alcoholic beverages);
3. Where he/she becomes to fail to meet the license requirements under Article 6 (1): Provided, That when the facility criteria are not met, revocation shall be limited to where he/she fails to follow an order to supplement issued under paragraph (5) of the same Article;
- 3-2. Where he/she is in breach of conditions for a license under subparagraph 9;
4. Where he/she falls under any of subparagraphs 2 through 4 or 7 through 10 of Article 10;
5. Where a person subject to suspension of manufacture or shipment of alcoholic beverages under Article 12 (1) again violates Article 12 (1) during the relevant suspension period;
6. Where he/she uses tax payment certification tokens under Article 44 by forging, altering, or destroying and damaging them or possesses such forged, altered or destroyed and damaged tax payment certification tokens;
7. Where the amount of fines for violating the duty to issue tax invoices under Article 10 (1), (2) or (3) of the Punishment of Tax Offenses Act for each taxation period under Article 5 (1) of the Value-Added Tax Act is at least 50/1,000 of the total sales of alcoholic beverages (referring to the total purchases of alcoholic beverages, where they are larger than the total sales of alcoholic beverages);
8. Where he/she commits an offense under Article 10 (4) of the Punishment of Tax Offenses Act;
9. Where he/she evades the payment of liquor tax classified as follows:



- (a) At least 500,000 won for makkoli;
- (b) At least two million won for brewed and other alcoholic beverages excluding makkoli and beer;
- (c) At least five million won for spirits and distilled liquors;
- (d) At least ten million won for beer;
- 10. Where he/she fails to manufacture alcoholic beverages for at least two consecutive brewing or distilling years;
- 11. Where he/she evades the payment of liquor tax on at least three occasions in a brewing or distilling year;
- 12. Where he/she manufactures alcoholic beverages, other than those licensed at the same manufactory;
- 13. Where he/she transfers or lends his/her license for manufacturing alcoholic beverages to others;
- 14. Where he/she runs his/her business in partnership with others;
- 15. Where a non-resident person licensed for manufacturing alcoholic beverages comes to fail to reside in Korea or becomes missing, without appointing an agent or a manager entrusted with all rights concerning the manufacture of alcoholic beverages under the notarial act by a notary public;
- 16. Where a non-resident person of limited legal capacity licensed for manufacturing alcoholic beverages fails to have a legal representative, as prescribed in Article 8 of the Commercial Act;
- 17. Where a person licensed for manufacturing alcoholic beverages on the recommendation for a liquor production license under Article 8 (1) of the Act on Promotion of Korean Traditional Liquor Industries fails to meet requirements for recommendation under paragraph (5) of the same Article.
- (2) Article 12 (2) shall apply mutatis mutandis to cases where a license for manufacturing alcoholic beverages is revoked under paragraph (1).

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 14 (Revocation, etc. of License for Manufacture of Malt or Wort)

Articles 12 and 13 shall apply mutatis mutandis to a person who has obtained a license for manufacturing malt or wort.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 15 (Disposition, etc. of Suspension of Sales of Alcoholic Beverages)

(1) Where a person who has obtained a license for alcoholic beverages sales business falls under any of the following cases, the head of the competent tax office shall suspend the sale by fixing a period not exceeding three months: <Amended by Act No. 11873, Jun. 7, 2013>

- 1. Where he/she fails to report under the main sentence of Article 11, or relocates his/her sales outlet by making a false report;
- 2. Where he/she sells or possesses alcoholic beverages without tax payment certification tokens under Article 44 affixed thereto;
- 3. Where he/she intentionally violates bookkeeping duties under Article 47;
- 4. Where the amount of fines for violating the duty to issue tax invoices under Article 10 (1), (2) or (3) of the Punishment of Tax Offenses Act by taxation period under Article 5 (1)

of the Value-Added Tax Act is at least 10/1,000, but less than 100/1,000 of the total sales of alcoholic beverages (referring to the total purchases of alcoholic beverages, where they are larger than the total sales of alcoholic beverages).

(2)Where a person who has obtained a license for alcoholic beverage sales business falls under any of the following cases, the head of the competent tax office shall revoke his/her license: <Amended by Act No. 11134, Dec. 31, 2011; Act No. 11873, Jun. 7, 2013; Act No. 15228, Dec. 19, 2017>

- 1.Where he/she has obtained his/her license for alcoholic beverage sales business by improper means;
- 2.Where he/she becomes to fail to meet the license requirements under Article 8 (1): Provided, That when the facility criteria are not met, revocation shall be limited to where he/she fails to follow an order to supplement issued under paragraph (5) of the same Article;
- 2-2.Where he/she is in breach of conditions for a license under Article 9;
- 3.Where he/she fails to obtain permission under the proviso to Article 11, or relocates his/her sales outlet by obtaining permission by illegal means;
- 4.Where the amount of fines for violating the duty to issue tax invoices under Article 10 (1), (2) or (3) of the Punishment of Tax Offenses Act for each taxation period under Article 5 (1) of the Value-Added Tax Act is at least 100/1,000 of the total sales of alcoholic beverages (referring to the total purchases of alcoholic beverages, where they are larger than the total sales of alcoholic beverages);
- 5.Where he/she commits an offense under Article 10 (4) of the Punishment of Tax Offenses Act;
- 6.Where he/she fails to sell alcoholic beverages for at least two consecutive brewing or distilling years;
- 7.Where he/she processes or manipulates alcoholic beverages;
- 8.Where he/she sells or possesses alcoholic beverages that have been produced without a license for manufacturing alcoholic beverages or exempted from liquor tax;
- 9.Where he/she transfers or lends his/her license for alcoholic beverage sales business to others: Provided, That where he/she is converted into a corporation under Article 8-2, it shall not be deemed a transfer;
- 10.Where he/she runs his/her business in partnership with others.

(3)Where any inventory remains after a license for alcoholic beverage sales business is revoked under paragraph (2), the head of the competent tax office may allow the relevant licensee to continue the sales or other necessary measures, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 16 (Discontinuance of Manufacture, etc. )

- (1)Where a person who has obtained a license for manufacturing alcoholic beverages intends to discontinue such manufacture, he/she shall apply for a revocation of his/her license to the head of the competent tax office.
- (2)Where a person who has obtained a license for manufacturing malt or wort or a license for alcoholic beverage sales business intends to discontinue such manufacture or sales, he/she shall report thereon to the head of the competent tax office.

(3)Where a person who has obtained a license for manufacturing alcoholic beverages, malt or wort, or a license for alcoholic beverage sales business intends to temporarily suspend such manufacture or sales, he/she shall report thereon to the head of the competent tax office.

(4)Notwithstanding paragraph (2), when a person deemed to have obtained a license for alcoholic beverage sales business under Article 8 (4) has reported on the discontinuance of his/her business under Article 8 (6) of the Value-Added Tax Act, he/she shall be deemed to have reported on the discontinuance of alcoholic beverage sales business under paragraph (2). <Amended by Act No. 11873, Jun. 7, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 17 (Permission for Direct Sales Outlet Establishment)

(1)A person who has obtained a license for manufacturing alcoholic beverages may establish a direct sales outlet to facilitate their long distance supply of alcoholic beverages by obtaining permission from the head of the competent tax office.

(2)A direct sales outlet referred to in paragraph (1) shall meet the facility criteria prescribed by Presidential Decree.

(3)Articles 9 through 11, 15, 16 (2) and (3) shall apply mutatis mutandis to direct sales outlets. In such cases, "less than 100/1,000" in Article 15 (1) 4 shall be construed as "less than 50/1,000," and "at least 100/1,000" in paragraph (2) 4 of the same Article shall be construed as "at least 50/1,000". <Amended by Act No. 11134, Dec. 31, 2011>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 18 (Inheritance of License for Manufacturing Alcoholic Beverages, etc.)

(1)A person who has inherited a license for manufacturing alcoholic beverages, malt or wort, or alcoholic beverage sales business shall, without delay, report such fact to the head of the competent tax office.

(2)If the inheritor who has reported under paragraph (1) does not fall under any of the subparagraphs 1, 2, and 5 through 10 of Article 10, he/she shall be deemed to have obtained the corresponding license for manufacture or sales business. In such cases, "at the time of filing an application or report, an applicant for a license or a reporter of the converted corporation" in subparagraph 6 of Article 10 shall be deemed "at the time of reporting a license, a person reporting a license."

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

SECTION 2 Brewing Engineer and Alcoholic Beverage Business Operators' Organization

Article 19 (Brewing Engineer)

(1)Alcoholic beverage manufacturers may employ a brewing engineer to control production or enhance quality of alcoholic beverages.

(2)A person who intends to become a brewing engineer shall obtain a license from the Commissioner of the National Tax Service.

(3)A person who intends to obtain a license under paragraph (2) shall have passed the brewing engineer's qualification examination.

(4)Any of the following persons shall not become a brewing engineer: <Amended by Act No. 9847, Dec. 29, 2009>

1.A mental patient or mentally weak person;

2.A person infected with an infectious disease;

3. A person addicted to a drug, marijuana, or other narcotics.

(5) The Commissioner of the National Tax Service may revoke a brewing engineer's license, if the engineer falls under any of the following:

1. Where he/she falls under any subparagraph of paragraph (4);
2. Where he/she, intentionally or through gross negligence, violates this Act or the Food Sanitation Act in the manufacturing processes of alcoholic beverages.

(6) The brewing engineer qualification examination shall be conducted in two tiers: the written and in-service tests. A person may not apply for the in-service tests unless he/she passes the written tests: Provided, That those who have completed academic courses on production and management of alcoholic beverages or attended training institutes, or who have engaged in liquor tax administration for at least five years shall be exempted from the written tests.

(7) Necessary matters concerning types of brewing engineers, qualification examination, academic courses on production and management of alcoholic beverages, training institutes, scope of liquor tax administration, etc. shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 20 (Alcoholic Beverage Business Operators' Organizations)

- (1) A person who has obtained a license for manufacturing alcoholic beverages or a license for alcoholic beverage sales business may establish an alcoholic beverage business operators' organization to cooperate in securing liquor taxes and to enhance their mutual welfare.
- (2) The alcoholic beverage business operators' organization under paragraph (1) shall be a corporation and matters necessary for its establishment and operation shall be prescribed by Presidential Decree.
- (3) The provisions of the Civil Act pertaining to corporate associations shall apply mutatis mutandis to the alcoholic beverage business operators' organization, except for matters stipulated in this Act.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

### CHAPTER III IMPOSITION AND COLLECTION OF LIQUOR TAX

#### SECTION 1 Tax Base and Rates of Liquor Tax

Article 21 (Tax Base)

- (1) The tax base for spirits shall be the quantity shipped out of a manufactory or the quantity declared for import.
- (2) The tax base for alcoholic beverages other than spirits shall be the price at the time of shipping in the case of shipping from a manufactory and the price (referring to an amount obtained by aggregating taxable value for the calculation of customs duty and customs duty) at the time of declaration for import in the case of import. <Amended by Act No. 11134, Dec. 31, 2011>
- (3) The price at the time of shipping from a manufactory as provided for in paragraph (2) shall not include the tax amount for the corresponding alcoholic beverages, but include the container cost and packing expenses: Provided, That the price shall not include container costs and packing expenses prescribed by Presidential Decree.
- (4) Matters necessary for the calculation of alcoholic beverage prices as provided in paragraph (2) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 22 (Tax Rates)

- (1)The tax rate for spirits shall be 57,000 won per one kiloliter (600 won shall be added for each percent over 95 percent alcohol content).
- (2)The tax rates for alcoholic beverages other than spirits shall be as follows:
- 1.Brewed alcoholic beverages:
    - (a)Makkoli: 5/100;
    - (b)Rice wine and fruit wine: 30/100;
    - (c)Refined rice wine: 30/100;
    - (d)Beer: 72/100;
  - 2.Distilled alcoholic beverages: 72/100;
  - 3.Other alcoholic beverages:
    - (a)Alcoholic beverages under subparagraph 4 (a), (c) through (e) of the attached Table: 72/100: Provided, That the tax rate shall be 10/100 for those with 30 or higher percent of nonvolatile ingredients among alcoholic beverages falling under item (c);
    - (b)Alcoholic beverages falling under subparagraph 4 (b) of the attached Table: 30/100.
- (3)The tax rate for traditional liquor which is not more than the shipment quota prescribed by Presidential Decree, among alcoholic beverages prescribed by Presidential Decree, shall be 50/100 of the tax rates under paragraph (2). <Amended by Act No. 11718, Apr. 5, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

SECTION 2 Collection of Liquor Tax

Article 23 (Declaration of Tax Base, etc.)

- (1)Any person who ships alcoholic beverages out of a manufactory shall submit to the head of the competent tax office a written declaration which indicates the kind, alcohol content, quantity, price, tax rate, assessment of tax, tax amount subject to deduction, refundable tax amount, payable tax amount, etc., of the alcoholic beverages shipped out of a manufactory each quarter by the 25th day of the month following the quarter to which a date for such shipment date belongs. <Amended by Act No. 11718, Apr. 5, 2013>
- (2)In cases falling under subparagraph 2 or 3 of Article 29 or Article 30, a alcoholic beverage manufacturer shall submit to the head of the competent tax office a written declaration in accordance with paragraph (1) on the alcoholic beverages which are delivered or are deemed to have been delivered, not later than the end of the month following the month to which the day on which the relevant cause arises belongs. <Amended by Act No. 11134, Dec. 31, 2011>
- (3)A person who imports alcoholic beverages from overseas shall submit to the head of the competent customs office a written declaration in accordance with the Customs Act at the time of import declaration.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 24 (Decision and Rectification)

- (1)If a written declaration referred to in Article 23 (1) or (2) is not submitted, the head of a competent tax office or the commissioner of a regional tax office (hereafter referred to

as "head of a competent tax office, etc." in this Article) shall determine the tax base and tax amount. <Amended by Act No. 11134, Dec. 31, 2011>

- (2) If any error or omission is found in the written declaration submitted pursuant to Article 23 (1) or (2), the head of a competent tax office, etc. shall rectify the tax base and tax amount. <Amended by Act No. 10402, Dec. 27, 2010; Act No. 11134, Dec. 31, 2011>
- (3) Where the head of a competent tax office, etc. decide or rectify the tax base and tax amount pursuant to paragraph (1) or (2), he/she shall calculate them on the basis of books and other documentary evidence: Provided, That they may estimate the tax base and tax amount, as prescribed by Presidential Decree, in any of the following cases: <Amended by Act No. 11134, Dec. 31, 2011>
1. Where books or other documentary evidence necessary for the calculation of tax base are missing or important parts are not contained therein;
  2. Where the contents of books or other documentary evidence are unequivocally false considering the scale of facilities, number of employees, the market value of raw materials, goods, products or all kinds of fees, etc.;
  3. Where the details of books or other documentary evidence are unequivocally false considering the quantity of raw materials and electric power used, conditions of operations, etc.
- (4) If any error or omission is found in the decision or rectification of the tax base and tax amount, the head of a competent tax office, etc. shall re-rectify them without delay. <Amended by Act No. 10402, Dec. 27, 2010; Act No. 11134, Dec. 31, 2011>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 25 (Payment and Collection)

- (1) A person who has shipped alcoholic beverages out of a manufactory shall pay to the head of the competent tax office the tax amount calculated by multiplying their quantity or prices by the applicable tax rate.
- (2) A person who imports alcoholic beverages from abroad shall pay to the head of the competent customs office in the tax amount calculated by multiplying their quantity or prices by the applicable tax rate.
- (3) If a person liable to pay liquor tax under paragraph (1) or (2) fails to pay all or some of the tax amount, the head of the competent tax office or customs office shall collect such unpaid tax amount in the same manner as national taxes or customs duties are collected. <Amended by Act No. 10402, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 26 (Deadline for Payment)

- (1) The liquor tax shall be paid each quarter to the head of the competent tax office within the period for submission of written declarations under Article 23 (1): Provided, That the liquor tax on imported alcoholic beverages shall be governed by the Customs Act. <Amended by Act No. 11718, Apr. 5, 2013>
- (2) Notwithstanding the main sentence of paragraph (1), when a person makes a report under Article 23 (2), he/she shall pay the liquor tax to the head of the competent tax office until a period for submission of the relevant report. <Newly Inserted by Act No. 11718, Apr. 5, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 27 Deleted. <by Act No. 8139, Dec. 30, 2006>

Article 28 (Taxation on Imported Alcoholic Beverages)

The Customs Act shall apply to matters not specified in this Act pertaining to the imposition and collection of liquor tax on imported alcoholic beverages.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 29 (Alcoholic Beverages Deemed to Have Been Shipped)

Alcoholic beverages shall be deemed to have been shipped out of a manufactory in any of the following cases: <Amended by Act No. 10402, Dec. 27, 2010>

1. Where alcoholic beverages are consumed within a manufactory;
2. Where alcoholic beverages remain at a manufactory and a license for manufacturing alcoholic beverages is revoked: Provided, That the cases prescribed by Presidential Decree shall be excluded;
3. Where alcoholic beverages remaining at a manufactory are sold by public sale or at auction or liquidated under bankruptcy procedures;
4. Where alcoholic beverages remaining at a manufactory are deemed to constitute the supply of goods pursuant to the Value-Added Tax Act.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 30 (Liquor Tax Collection at Time of Nonprovision of Security)

If security is not provided or alcoholic beverages are not retained, even if an order to provide security or to retain alcoholic beverages is issued under Article 36, the liquor tax on the alcoholic beverages shall be collected without delay as the beverages remaining at a manufactory are deemed to have been shipped out of the manufactory.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

### SECTION 3 Exemption, Deduction and Refund of Liquor Tax

Article 31 (Exemption)

(1) Any of the following alcoholic beverages shall be exempted from liquor tax, as prescribed by Presidential Decree: <Amended by Act No. 13248, Mar. 27, 2015>

1. Those that are to be exported;
2. Those that are to be supplied to foreign military forces stationed in Korea;
3. Those that are to be supplied to Korean military forces stationed in foreign countries;
4. Those that are to be supplied to foreign diplomatic missions stationed in Korea or other institutions equivalent thereto as prescribed by Presidential Decree;
5. Those that are to be supplied to recreation centers for foreign seamen;
6. Those that are collected for inspection under this Act or the Food Sanitation Act;
7. Those that have been manufactured by the holders of skills designated as intangible cultural heritage under Act on the Safeguarding and Promotion of Intangible Cultural Heritage, and to be used for exhibition of intangible cultural heritage under the same Act;
8. Those that are to be used as raw materials for manufacture of medicine under the Pharmaceutical Affairs Act.

(2) Any of the following imported alcoholic beverages shall be exempted from liquor tax, as prescribed by Presidential Decree: <Amended by Act No. 10402, Dec. 27, 2010>

1. Those that are directly imported for official use by foreign diplomatic missions

- stationed in Korea and other institutions prescribed by Presidential Decree as equivalent to such missions, or those that are directly imported for consumption by foreign diplomats and those equivalent thereto as prescribed by Presidential Decree;
2. Those that are donated from abroad to temples, churches or other religious organizations for ritual;
  3. Those that are hand carried by travelers, and that are exempt from import duty;
  4. Those that are imported as raw materials for manufacture of medicine under the Pharmaceutical Affairs Act;
  5. Those that are collected for examination in accordance with this Act or the Food Sanitation Act;
  6. Exported alcoholic beverages which are returned to one of alcoholic beverage manufactories of the same alcoholic beverage manufacturer by reason of deterioration, poor quality or other unavoidable causes.
- (3) The head of the competent tax or customs office shall, without delay, collect liquor tax on alcoholic beverages for which exportation, importation, or supply is not certified within the specified period, from the person who manufactured or declared importation of such alcoholic beverages, under paragraphs (1) and (2): Provided, That the liquor tax may be exempted for those whose certificate has been lost or damaged due to a natural disaster or other unavoidable reasons, as prescribed by Presidential Decree.
- (4) The head of the competent tax or customs office may order provision of security equivalent to the relevant liquor tax amount, as prescribed by Presidential Decree, where deemed necessary for alcoholic beverages exempted from liquor tax pursuant to paragraph (1) or (2).
- (5) If alcoholic beverages exempted from liquor tax pursuant to paragraph (1) or (2) are not consumed for their original purposes, the liquor tax shall, without delay, be collected from the person who possesses or declared import of such alcoholic beverages as he/she is deemed the manufacturer or importer.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 32 (Tax Exemption on Spirits)

- (1) Liquor tax may be exempted on spirits that are used by the State for manufacture of gun-powder, tobacco fermentation (limited to those for export), fuel, medical treatment and medicine, and other industrial purposes, as prescribed by Presidential Decree.
- (2) In cases falling under paragraph (1), liquor tax shall be collected without delay when spirits are not used for the original purposes, by regarding the relevant warehouse or place for acceptance as a manufactory of alcoholic beverages, and a business operator of the warehouse or place for acceptance as the manufacturer of alcoholic beverages, respectively.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 33 (Shipment Without Payment of Liquor Tax)

- (1) No liquor tax on any of the following alcoholic beverages shall be collected, as prescribed by Presidential Decree:
1. Those which are transported to another place for exporting alcoholic beverages defined



- under Article 31 (1) 1 (limited to where there exists a local letter of credit or a purchase approval prescribed in the Foreign Trade Act);
2. Those which are shipped out of a manufactory or transported from a bonded area to be used as raw materials for manufacturing or processing alcoholic beverages.
  - (2) The liquor tax shall be collected from the shipper of alcoholic beverages under paragraph (1), if the fact that such alcoholic beverages has been brought into a place of acceptance is not certified, as prescribed by Presidential Decree.
  - (3) If alcoholic beverages referred to in paragraph (1) are lost due to a natural disaster or other unavoidable reasons before being brought into a place of acceptance, no liquor tax shall be collected, as prescribed by Presidential Decree.
  - (4) A person who has brought alcoholic beverages under paragraph (1) shall report his/her receipt to the head of the competent tax or customs office not later than the 10th of the month following the month to which such receipt belongs.
  - (5) In application of Article 25 to alcoholic beverages referred to in paragraph (1), the place into which the relevant alcoholic beverage is brought shall be deemed the manufactory, and the person who brings such beverage shall be deemed the shipper.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 34 (Deduction and Refund of Tax for Returned Alcoholic Beverages)

- (1) If alcoholic beverages for which liquor tax has already been paid or is payable fall under any of the following cases, the relevant tax amount shall be deducted from the tax amount to be paid or collected, as prescribed by Presidential Decree, or when there exists no tax amount to be paid or collected, the tax amount that has already been paid shall be refunded: <Amended by Act No. 10402, Dec. 27, 2010>
1. Where the alcoholic beverages are returned to one of alcoholic beverage manufactories of the same alcoholic beverage manufacturer by reason of deterioration, poor quality or other unavoidable causes;
  2. Where the alcoholic beverages are discarded at the seat of the head office or storage place of the import declarer due to deterioration, inferior quality or other unavoidable reasons;
  3. Where the alcoholic beverages are lost due to damage in the distribution process or a natural disaster.
- (2) A person who intends to obtain a deduction or refund under paragraph (1) shall submit an application therefor along with the report under Article 23 (1) or (3) by no later than the 25th day of the month following the quarter to which the date the relevant ground occurs belongs (in the case of a person who imports alcoholic beverages, the last day of the second month following the month to which date the relevant ground occurs belongs), as prescribed by Presidential Decree. <Amended by Act No. 11718, Apr. 5, 2013>
- (3) Any additional tax that has been already paid or is payable shall not be deducted or refunded, notwithstanding paragraph (1).

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### Article 35 (Deduction and Refund of Tax on Alcoholic Beverages to Be Used as Raw Materials)

- (1) For the alcoholic beverages (including those manufactured at a bottling factory) that

have been manufactured with alcoholic beverages to be used as raw materials on which tax was imposed or is to be imposed, the tax amount payable shall be the amount obtained by deducting the amount equivalent to liquor tax amount on such alcoholic beverages to be used as raw materials from the tax amount calculated pursuant to Articles 21 and 22.

- (2) If the amount to be deducted pursuant to paragraph (1) exceeds the payable tax amount on the relevant alcoholic beverages, no payable liquor tax shall be deemed to exist.
- (3) The amount equivalent to liquor tax amount on alcoholic beverages to be used as raw materials for alcoholic beverages falling under Article 31 (1) 1 through 5 shall be refunded, notwithstanding paragraph (2): Provided, That if any payable liquor tax exists, it shall be deducted.
- (4) Matters necessary for deduction and refund of liquor tax on alcoholic beverages to be used as raw materials under paragraphs (1) and (3) shall be prescribed by Presidential Decree.
- (5) Any additional tax that has already been paid or is payable shall not be deducted or refunded, notwithstanding paragraphs (1) and (3).

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### SECTION 4 Security for Liquor Tax Payment

##### Article 36 (Security and Guarantee for Liquor Tax)

If deemed necessary for securing liquor taxes, the head of the competent tax office shall order a manufacturer of alcoholic beverages to provide security for liquor tax or to retain alcoholic beverages in value equivalent to the payable liquor tax amount as security for his/her tax payment, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

##### Article 37 (Appropriation of Security, etc. for Liquor Tax)

Where a taxpayer fails to pay his/her liquor tax within a specified period with respect to any alcoholic beverages that are retained as security for tax payment under this Act, such retained alcoholic beverages shall be sold by the procedures for public auctions under the National Tax Collection Act and appropriate the proceeds for the liquor tax payment.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

##### Article 38 (Retention of Alcoholic Beverages)

A manufacturer shall not dispose of nor deliver alcoholic beverages from the manufactory that are to be retained as security for tax payment pursuant to Article 36.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

##### Article 39 (Mutatis Mutandis Application of Framework Act on National Taxes)

Articles 29 through 34 of the Framework Act on National Taxes shall apply mutatis mutandis to securities provided for tax payment unless otherwise prescribed in this Act.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### SECTION 5 Preservation of Liquor Tax

##### Article 40 (Order for Liquor Tax Retention)

- (1) If deemed necessary for preserving liquor tax, the Commissioner of the National Tax Service may issue orders on manufacture, storage, transfer, takeover, transport, facilities, prices or shipping volume to the manufacturers and vendors of alcoholic

beverages, malt or wort, as prescribed by Presidential Decree. <Amended by Act No. 15228, Dec. 19, 2017>

- (2)When an order is issued under paragraph (1), it shall be issued within the minimum extent necessary for achieving purposes thereof, and manufacturers or vendors of alcoholic beverages, malt or wort shall not be discriminated without any reasonable ground or their profits shall not be undermined in an unjust manner. <Newly Inserted by Act No. 11718, Apr. 5, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 41 (Approval on Disposal or Shipment of Malt, etc. )

- (1)Malt or wort may be disposed or shipped out of a manufactory only when approved by the head of the competent tax office, as prescribed by Presidential Decree.

- (2)When approved by the head of the competent tax office pursuant to paragraph (1), the liquor tax shall be, without delay, collected from the relevant manufacturer by presuming such malt or wort as makkoli: Provided, That this shall not apply to cases where a disposition of making it prohibited from being drunk as an alcoholic beverage is taken under the approval of the head of the competent tax office. <Amended by Act No. 10402, Dec. 27, 2010>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 42 (Restriction on Purchase of Alcoholic Beverages)

Spirits shall not be purchased, used, possessed, or shipped out of a manufactory, except for cases as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 43 (Designation of Types, etc. of Raw Materials for Manufacture of Alcoholic Beverages)

Where the Minister of Agriculture, Food and Rural Affairs requests so as he/she deems it necessary for control of the demand and supply of staple grains, or where deemed necessary for control of quality of alcoholic beverages or for a balanced demand and supply of alcoholic beverages, the Commissioner of the National Tax Service may designate the types and quantity of raw materials for manufacture of alcoholic beverages, to be used by those licensed for manufacture of alcoholic beverages, as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 44 (Tax Payment Certification Token)

- (1)The Commissioner of the National Tax Service may, if deemed necessary for preserving the liquor tax, have tokens certifying tax payment or tax exemption (hereinafter referred to as "tax payment certification token") affixed on containers of alcoholic beverages that are shipped for delivery, as prescribed by Presidential Decree.

- (2)The Commissioner of the National Tax Service may issue orders to the manufacturers of tax payment certification tokens with regard to their specifications, methods and procedures for their use, etc.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 44-2 Deleted. <by Act No. 11718, Apr. 5, 2013>

Article 45 (Restriction on Possession of Alcoholic Beverages)

- (1)Alcoholic beverages that are not affixed with tax payment certification tokens, that are manufactured without license, or that are exempted from taxation shall not be

possessed for the purpose of sales.

(2) If a licensed vendor possesses alcoholic beverages prescribed in paragraph (1), he/she shall be deemed to possess them for sales purpose.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 46 (Report on Manufacture, Sales, etc. )

A manufacturer or vendor of alcoholic beverages, malt or wort shall report to the head of the competent tax office on the matters concerning his/her manufacture, storage, or sales, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 47 (Bookkeeping Duties)

A manufacturer or vendor of alcoholic beverages, malt or wort shall record in accounting books matters concerning his/her manufacture, storage, or sales, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 48 (Request for Business Suspension, etc. )

(1) Where a person who runs alcoholic beverage sales business at a business place licensed under the Food Sanitation Act possesses the alcoholic beverages without tax payment certification tokens affixed, manufactured without license, or exempted from tax, the head of the competent tax office may request the competent government office to suspend the person's business or cancel the person's business license.

(2) The relevant competent government office shall, if requested pursuant to paragraph (1), suspend business or cancel license unless there exists a special reason.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

#### CHAPTER IV SUPPLEMENTARY PROVISIONS

Article 49 (Official Inspection)

Where a person who has obtained a license for manufacturing alcoholic beverages manufactures the alcoholic beverages, the head of the competent tax office shall inspect their quantity and alcohol contents, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 50 (Inspection of Machinery, etc. )

A manufacturer or vendor of alcoholic beverages, malt or wort shall have the machinery, tools and containers used for manufacture, storage, or sales inspected, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 51 (Inspection and Approval)

A manufacturer or vendor of alcoholic beverages, malt or wort shall have the matters concerning manufacture, storage, or sales inspected or approved by the head of the competent tax office, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 52 (Tax Official's Inquisition, Inspection and Disposition)

(1) A public official engaged in taxation affairs may make the dispositions required for regulation, such as asking questions to a manufacturer or a vendor of alcoholic beverages, malt or wort, or inspecting any of the following items:

1. Alcoholic beverages, malt, or wort possessed by a manufacturer of alcoholic beverages, malt, or wort, or the alcoholic beverages possessed by a vendor of such beverages;

2. All of the accounting books and documents concerning manufacture, storage or sales of alcoholic beverages, malt or wort;

3. Building structures, machinery, tools, containers, raw materials, or any other object necessary for manufacture, storage or sales of alcoholic beverages, malt or wort.

(2) A public official engaged in taxation affairs may inspect alcoholic beverages, malt or wort which are in transport, or may ask questions about their source or destination.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 53 (Request for Submission of Samples)

A public official engaged in taxation affairs may, if deemed necessary, request submission of samples of alcoholic beverages, malt, or wort possessed by a manufacturer of alcoholic beverages, malt or wort or a vendor of alcoholic beverages.

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 54 (Hearing)

The Commissioner of the National Tax Service or the head of a competent tax office shall hold a hearing, when he/she intends to make any of the following dispositions:

<Amended by Act No. 11134, Dec. 31, 2011>

1. Suspension of the manufacture or shipping of alcoholic beverages pursuant to Article 12 or revocation of a license for manufacturing alcoholic beverages pursuant to Article 13;
2. Suspension of the manufacture or shipping of malt or wort pursuant to Article 14 or revocation of a license for manufacturing malt or wort;
3. Suspension of sale of alcoholic beverages, revocation of a license for alcoholic beverage sales business or revocation of permission for the installation of a direct sales outlet pursuant to Article 15 (including cases in which Article 15 applies mutatis mutandis pursuant to Article 17);
4. Revocation of an alcoholic beverage brewing engineer license pursuant to Article 19 (5).

[This Article Wholly Amended by Act No. 9899, Dec. 31, 2009]

Article 55 (Payment of License Fees)

(1) Any person who applies for a license under Articles 6 (1), 7, 8 (1) and 19 (2) shall pay fees, as prescribed by Ordinance of the Ministry of Strategy and Finance.

(2) Fees under paragraph (1) may be paid by means of electronic money or electronic banking using the information and communications network or revenue stamps.

[This Article Newly Inserted by Act No. 11718, Apr. 5, 2013]

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000: Provided, That the amended provisions of Articles 22 (2) 1 (d), 23 (1), 26 and 34 (2) shall enter into force on January 1, 2001.

Article 2 (General Applicability)

This Act shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

Article 3 (Applicability concerning Restriction on Licenses for Manufacturing Alcoholic Beverages or Licenses for Alcoholic Beverage Sales Business)

The amended provisions of Article 10 shall apply beginning with the first application for a license for manufacturing alcoholic beverages or for a license for alcoholic beverages

sales business filed after this Act enters into force: Provided, That for the application for such licenses filed under the previous provisions before this Act enters into force, the previous provisions shall govern.

#### Article 4 (Applicability to Relocation of Business Place)

The amended provisions of Article 11 shall apply beginning with the first application or declaration for relocation of a business place filed after this Act enters into force.

#### Article 5 (Applicability to Suspension of Manufacture or Shipment of Alcoholic Beverages)

The amended provisions of Article 12 (1) 1 shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force; and the amendments to Article 12 (1) 5 shall apply beginning with the first intentional violation of bookkeeping duties committed after this Act enters into force.

#### Article 6 (Applicability to Cancellation of Licenses for Manufacturing Alcoholic Beverage)

The amended provisions of Article 13 (1) 2 shall apply beginning with the first violation by a direct sales outlet of obligations for issuance or acceptance of tax bills in connection with supply of goods under the Value-Added Tax Act after this Act enters into force; the amended provisions of Article 13 (1) 7 shall apply beginning with the first violation by an alcoholic beverage manufacturer of the obligation for issuance or acceptance of tax bills in connection with supply of goods under the Value-Added Tax Act after this Act enters into force; and the amended provisions of Article 13 (1) 9 shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

#### Article 7 (Applicability to Cancellation of Licenses for Alcoholic Beverage Sales Business)

The amended provisions of Article 15 (2) 4 shall apply beginning with the first violation by an alcoholic beverage vendor of the obligation for issuance or acceptance of tax bills in connection with supply of goods under the Value-Added Tax Act after this Act enters into force.

#### Article 8 (Applicability to Decision or Rectification)

The amended provisions of Article 24 shall apply beginning with the first decision or rectification made after this Act enters into force.

#### Article 9 (Applicability to Deduction or Refund of Tax)

The amended provisions of Article 34 shall apply beginning with the first return shipment to a manufactory or loss of shipped alcoholic beverages after this Act enters into force.

#### Article 10 (Applicability to Provision of Tax Security)

The amended provisions of Articles 36 through 39 shall apply beginning with the first tax payment security that is provided or with the first order that is issued for retention of alcoholic beverages as security for tax payment after this Act enters into force.

#### Article 11 (Special Cases concerning Beer Tax Rates)

Notwithstanding the amended provisions of Article 22 (2) 1 (d), the tax rate of 115/100 shall be applied to the portion that is shipped out of a manufactory or declared for import from January 1 to December 31, 2000.

#### Article 12 (Special Cases concerning Declaration or Payment Period)

The declaration or payment period pursuant to the amended provisions of Articles 23 (1), 26, and 34 (2) on the portion that is shipped out of a manufactory or declared for import

from January 1 to December 31, 2000 shall be extended to the end of the following month.

#### Article 13 (General Transitional Measures)

The previous provisions shall apply liquor tax that has been imposed or is to be imposed pursuant to the previous provisions as at the time this Act enters into force.

#### Article 14 (Transitional Measures concerning Direct Sales Outlets)

The direct sales outlets existing as at the time this Act enters into force shall be considered to have been licensed pursuant to the amended provisions of Article 17 (1).

#### Article 15 (Transitional Measures concerning Alcoholic Beverage Business Operators' Organization)

The alcoholic beverage business operators' organization established under the previous provisions as at the time this Act enters into force shall be considered to have been established pursuant to the amended provisions of Article 20.

#### Article 16 (Transitional Measures concerning Alcoholic Beverages Deemed to Have Been Shipped)

The previous provisions shall apply to alcoholic beverages that have been used as raw materials for manufacture of other alcoholic beverages at the same manufactory pursuant to the previous provisions of Article 22 before this Act enters into force.

#### Article 17 (Transitional Measures concerning Tax Payment Guarantee)

The previous provisions shall apply to a person who provided a guarantee for payment of liquor tax pursuant to the previous provisions before this Act enters into force.

#### Article 18 (Transitional Measures for Restriction on Makkoli Supply Area)

The previous Article 5 (3) shall apply to the restriction on supply areas of makkoli until December 31, 2000.

Article 19 Omitted.

#### Article 20 (Relationship with Other Statutes)

When other statutes quote provisions under the previous Liquor Tax Act as at the time this Act enters into force, they shall be considered to quote the corresponding provisions of this Act in lieu of the previous Act, if any corresponding provisions exist under this Act. ADDENDA <Act No. 6559, Dec. 31, 2001>

(1)(Enforcement Date) This Act shall enter into force on January 1, 2002.

(2)(General Applicability) This Act shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

(3)(General Transitional Measures) The previous provisions shall apply to the liquor tax that has been imposed or is to be imposed pursuant to the previous provisions as at the time this Act enters into force.

ADDENDA <Act No. 7031, Dec. 31, 2003>

#### Article 1 (Enforcement Date)

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

#### Article 2 (General Applicability)

This Act shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

#### Article 3 (Special Cases concerning Beer Tax Rates)

Notwithstanding the amended provisions of Article 22 (2) 1 (d), with respect to the portion that are shipped out of a manufactory or declared for import from January 1, 2004 to December 31, 2006, the tax rate falling under each applicable period in the following Table shall apply.

Taxable Objects	Applicable Period and Tax Rate		
	2004. 1. 1 ~ 2004. 12. 31	2005. 1. 1 ~ 2005. 12. 31	2006. 1. 1 ~ 2006. 12. 31
Liquor falling under Article 22 (2) 1 (d)	100/100	90/100	80/100

#### Article 4 (Transitional Measures)

The previous provisions shall apply to the liquor tax that has been imposed or is to be imposed pursuant to the previous provisions as at the time this Act enters into force.

ADDENDA <Act No. 7323, Dec. 31, 2004>

(1)(Enforcement Date) This Act shall enter into force on January 1, 2005.

(2)(Applicability to Fruit Wine) The amended provisions of the proviso to Article 22 (2) 1 (b) shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory after this Act enters into force.

ADDENDA <Act No. 7428, Mar. 31, 2005>

#### Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 7532, May 31, 2005>

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

(2)(Applicability to Disposition of Suspension of Alcoholic Beverages Manufacture or Shipment) The amended provisions of Article 12 (1) shall apply beginning with an act corresponding to any of subparagraphs of the same paragraph of the same Article committed after this Act enters into force.

(3)(Applicability to Disposition of Suspension of Alcoholic Beverages Sales) The amended provisions of Article 15 (1) shall apply beginning with an act corresponding to any of subparagraphs of the same paragraph of the same Article committed after this Act enters into force.

ADDENDA <Act No. 7841, Dec. 31, 2005>

(1)(Enforcement Date) This Act shall enter into force on January 1, 2006.

(2)(Applicability to Report on Discontinuance of Alcoholic Beverages Sales Business) The amended provisions of Article 16 shall apply beginning with the first person who reports discontinuance pursuant to Article 5 (4) of the Value-Added Tax Act after this Act enters into force.

(3)(Applicability to Additional Tax) The amended provisions of Article 27 shall apply beginning with the first alcoholic beverages shipped out of the manufactory or declared for import after this Act enters into force.

(4)(Applicability to Deduction and Refund of Tax Amount) The amended provisions of Article 34 shall apply beginning with the first alcoholic beverages declared for import after this Act enters into force.

ADDENDA <Act No. 8139, Dec. 30, 2006>



#### Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 15 Omitted.

#### Article 16 (Transitional Measures Following Amendments to Other Acts)

The additional tax that was imposed or is to be imposed pursuant to the provisions of any of the following tax-related Acts before this Act enters into force shall be governed by the previous provisions of such tax-related Act, notwithstanding the amended provisions of the tax-related Act amended by Article 15 (1) through (7) of the Addenda:

1. The Adjustment of International Taxes Act: Article 13;
2. The Act on Special Rural Development Tax: Article 11;
3. The Inheritance Tax and Gift Tax Act: Article 78 (1) and (2);
4. The Stamp Tax Act: Article 8-2;
5. The Liquor Tax Act: Article 27;
6. The Securities Transaction Tax Act: Article 14;
7. The Special Consumption Tax Act: Articles 13 and 24 (1) 1.

ADDENDA <Act No. 8837, Jan. 9, 2008>

(1)(Enforcement Date) This Act shall enter into force on July 1, 2008.

(2)(Applicability to Taxation on Traditional Alcoholic Beverages) The amended provisions of Article 22 shall apply beginning with the first alcoholic beverages shipped out of the manufactory after this Act enters into force.

ADDENDA <Act No. 8852, Feb. 29, 2008>

#### Article 1 (Enforcement Date)

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

Articles 2 through 7 Omitted.

ADDENDA <Act No. 9847, Dec. 29, 2009>.

#### Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 22 Omitted.

ADDENDA <Act No. 9899, Dec. 31, 2009>

#### Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2010: Provided, That the amended provisions of subparagraph 1 (b) of Article 3 and Article 5-2 shall enter into force on April 1, 2010, and the amended provisions of Articles 12 (1) 4-2 and 44-2 shall enter into force on July 1, 2010.

#### Article 2 (General Applicability)

This Act shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

#### Article 3 (Applicability to Report on Conversion of Alcoholic Beverage Sales Business)

The amended provisions of Article 8 (3) shall apply beginning with the first report on conversion into the corporation filed after this Act enters into force.

#### Article 4 (Applicability to Suspension of Manufacture or Shipment of Alcoholic Beverages and Cancellation of Alcoholic Beverages Manufacture Licences)

The amended provisions of Article 12 (1) 4-2 shall apply beginning with the first violation of labelling requirements on the containers, etc. of alcoholic beverages by a person who

manufactures or imports alcoholic beverages after this Act enters into force; the amended provisions of Articles 12 (1) 10 and 13 (1) 7 shall apply beginning with the first violation of duties, etc. to issue tax invoices by a person who manufactures alcoholic beverages after this Act enters into force; and the amended provisions of Article 13 (1) 2 shall apply beginning with the first violation of duties, etc. to issue tax invoices by a direct sales outlet after this Act enters into force.

Article 5 (Applicability to Disposition, etc. of Suspension of Sales of Alcoholic Beverages)

The amended provisions of Article 15 (1) and (2) shall apply beginning with the first violation of duties, etc. to issue tax invoices by vendors of alcoholic beverages committed after this Act enters into force.

Article 6 (Applicability to Labelling Requirements on Containers, etc. of Alcoholic Beverages)

The amended provisions of Article 44-2 shall apply beginning with the first alcoholic beverages that are shipped out of a manufactory or declared for import after this Act enters into force.

Article 7 (General Transitional Measures)

Liquor tax imposed or to be imposed under the previous provisions as at the time this Act enters into force shall be governed by the previous provisions.

ADDENDA <Act No. 10402, Dec. 27, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011: Provided, That the amended provisions of Article 22 (3) 3 and the attached Table shall enter into force on April 1, 2011.

Article 2 (General Applicability)

This Act shall apply, starting from the first alcoholic beverage shipped out of an alcoholic beverage manufactory or declared for import after this Act enters into force.

Article 3 (Applicability to Exemption from Alcoholic Beverage Manufacturer's License at Time of Trial Manufacturing of Alcoholic Beverages)

The amended provisions of Article 6 (6) shall apply, starting from the first alcoholic beverage manufactured after the enforcement of this Act.

Article 4 (Applicability to Exemption from Liquor Tax on Alcoholic Beverages Collected for Examination)

The amended provisions of Article 31 (2) 5 shall apply, starting from the first alcoholic beverages collected after the enforcement of this Act.

Article 5 (Applicability to Returned Alcoholic Beverages)

The amended provisions of Article 34 (1) 1 shall apply, starting from the first alcoholic beverage returned to the alcoholic beverage manufactory of the same alcoholic beverage manufacturer after the enforcement of this Act.

ADDENDA <Act No. 11134, 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 alcoholic beverage which is shipped from a manufactory or of which import is declared after this Act enters into force.

### Article 3 (Applicability to Succession to License for Manufacturing Alcoholic Beverages Following Conversion into Corporation)

The amended provisions of Article 8-2 shall apply beginning from the first case in which conversion into corporation is reported after this Act enters into force.

### Article 4 (Applicability to Standards for Disposition of Suspension of Sale at Direct Sales Outlets)

The amended provisions of Article 17 (3) shall apply beginning from the first case in which a relevant direct sales outlet violates the obligation of delivering a tax invoice after this Act enters into force.

### Article 5 (Applicability to Hearings)

The amended provisions of Article 54 shall apply beginning from the first case in which disposition of suspension of manufacture or shipping of alcoholic beverages, malt or wort, or disposition of suspension of sale of alcoholic beverages is issued after this Act enters into force.

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. 11718, Apr. 5, 2013>

### Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 12 (1) 4-2, 23 (1), 26, 34 (2) and 44-2 shall enter into force on January 1, 2014.

### Article 2 (General Applicability)

This Act shall apply, starting with the first alcoholic beverage which is shipped out of a manufactory or for which an import declaration is made after this Act enters into force.

### Article 3 (Applicability to Conditions for Licensing)

The amended provisions of Article 9 shall apply, starting with the first application for a license filed after this Act enters into force.

### Article 4 (Applicability to Deduction and Refund of Tax for Returned Alcoholic Beverages)

The amended provisions of Article 34 (2) shall apply, starting with the first occurrence of a ground falling under subparagraphs of Article 34 (1) after this Act enters into force.

### Article 5 (General Transitional Measures)

The liquor tax which was imposed or exempt or is to be imposed or exempted under the former provisions as at the time this Act enters into force shall be governed by the former provisions.

### Article 6 (Transitional Measures concerning License for Manufacturing Alcoholic Beverages)

Any person who has received a license for manufacturing alcoholic beverages under the former provisions as at the time this Act enters into force shall be deemed to have received a license for manufacturing the relevant alcoholic beverages, from among alcoholic beverages under this Act.

Article 7 (Transitional Measures concerning Labelling Requirements of Alcoholic Beverages)

Notwithstanding the amended provisions of Article 4 (1) 3 (a), labelling requirements of alcoholic beverages under Article 44-2 (1) 1 may be governed by the former provisions until December 31, 2013.

ADDENDA <Act No. 11873, Jun. 7, 2013>

Article 1 (Enforcement Date)

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

Articles 2 through 19 Omitted.

ADDENDA <Act No. 13248, Mar. 27, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force one year after its promulgation

Articles 2 through 7 Omitted.

ADDENDA <Act No. 13383, Jun. 22, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <Act No. 14051, Mar. 2, 2016>

Article 1 (Enforcement Date)

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

Article 2 (Transitional Measures concerning Restriction on Licensing of Incompetent Person)

Notwithstanding the amendments to subparagraph 2 of Article 10, the former provisions shall apply to persons who were declared incompetent or quasi-incompetent before this Act enters into force, where the declaration is still effective pursuant to Article 2 of the Addenda of the partial amendment of the Civil Act (Act No. 10429).

ADDENDA <Act No. 15228, Dec. 19, 2017>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2018.

Article 2 (General Applicability)

This Act shall apply beginning from the alcoholic beverage which is shipped out of a manufactory or of which import is declared after this Act enters into force.

Article 3 (Applicability to Revocation of License for Manufacturing Alcoholic Beverages or for Alcoholic Beverage Sales Business)

The amended provisions of Article 13 (1) 3-2 and 17 and Article 15 (2) 2-2 shall apply beginning from the violation committed after this Act enters into force.

Article 4 (Applicability to Orders concerning Shipping Volume)

The amended provisions of Article 40 (1) shall apply beginning from the order concerning shipping volume issued after this Act enters into force.

Article 5 (Transitional Measures concerning Revocation of License for Manufacturing Alcoholic Beverage of Person of Limited Legal Capability)

A person of limited legal capacity under the amended provisions of Article 13 (1) 16 shall be deemed to include a person whose sentence of incompetency or quasi-incompetency under Article 2 of the Addenda to the Civil Act (No. 10429) remains effective.

