



SOUTH KOREA

CONTINUOUS TRANSACTION CONTROLS (CTC)

OVERVIEW

South Korea's e-tax (Electronic Tax Invoice System) was introduced in 2010. The South Korean e-invoicing regime requires taxpayers to generate invoices electronically and report issued e-invoices shortly after issuance, making it a continuous transaction controls (CTC) system.

The scope of this mandate has recently been expanded to cover additional taxpayers, though initial workflows and requirements have remained relatively stable.

WHEN DO I NEED TO COMPLY?

JAN
2011

Electronic issuance of VAT invoices and next-day reporting became mandatory for all Korean corporate taxpayers.

JAN
2012

Sole proprietors with a turnover of KRW 1 billion and above added to the mandatory list of e-tax invoicing requirements.

JULY
2014

Taxpayer threshold for mandatory compliance changed from KRW 1 billion to KRW 0.3 billion and above.

JULY
2019

Introduction of tax-free portion of the income to be included when calculating threshold of KRW 0.3 billion.

JULY
2022

Threshold will be updated from KRW 0.3 billion to KRW 0.2 billion and above.

JULY
2023

Threshold will be updated from KRW 0.2 billion to KRW 0.1 billion and above.

Penalties:

The penalties for non-compliance vary between 0.3 – 1% of the supply price, based on the failure type e.g. non-issuance, issuance form, delayed issuance, non-transmission or late transmission.

WHAT DO I NEED TO DO?

To ensure your company's compliance, you must adhere to the following:

- Transmit any issued e-tax e-invoices to the NTS within one day of being issued.
- Report all data to the NTS in XML format.
- Ensure all invoices are submitted including amended invoices (credit and debit notes).
- Cross-border transactions are exempt. E-tax only covers domestic transactions.

HOW CAN SOVOS HELP?

Need help to ensure your business stays compliant with South Korea's CTC obligations?

Sovos software manages your e-invoicing and related VAT obligations in South Korea. This ensures your business stays compliant at all times, supported by our experts who continually monitor, interpret and codify changes into our software, reducing the compliance burden on your tax and IT teams.

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