



COUNTRY BRIEFING · SOUTH KOREA

Fifteen years of e-tax invoices

South Korea made electronic tax invoices compulsory for companies in 2011 — long before most of Europe. The regime is mature, strict and data-driven: every invoice reaches the National Tax Service the next day, and VAT returns arrive pre-filled. This briefing explains how it works, what it costs to get wrong, and what it means for SAP.

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For

CFOs, tax and finance leads

Scope

E-tax invoices, VAT, reporting

Status at

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Prepared by

30 Advisory

01 Where Korea stands today

Mature, strict, and fed into the returns

Korea is not preparing for a mandate — it has run one for fifteen years. The questions for a company here are different: **is the invoice issued on time, reported by the next day, amended correctly, and consistent with the return the authority has already pre-filled?**

2011 E-tax invoices compulsory for all corporations	Day +1 Deadline to transmit each invoice to the National Tax Service	KRW 80m Turnover above which sole proprietors must issue electronically	30 Data categories pre-filled in the July 2026 VAT returns
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The obligations around an invoice

DOCUMENT	USED FOR	STATUS
E-tax invoice	Taxable supplies between businesses, and to public bodies	LIVE since 2011
Electronic invoice	VAT-exempt supplies, under income and corporate tax rules	LIVE since 2015–16
Cash receipts and card slips	Sales to consumers	LIVE · scope widened 2026
VAT returns	Pre-filled from invoice, card and export data	LIVE · 4 returns a year

2011 All corporations issue electronically	2014–19 Sole proprietors above KRW 300m	2022–23 Threshold lowered to 200m, then 100m	Jul 2024 Threshold KRW 80m (current)	Jul 2027 Proposed renaming of invoice date fields
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REPORTING, NOT CLEARANCE

Sources sometimes call Korea a clearance country. In practice the supplier issues the invoice to the buyer and **reports it to the authority by the next day**; the authority does not approve it first. That matters for design: the risk is not a blocked invoice, but a late or missing transmission — and a penalty.

Korea compared with Europe

	SOUTH KOREA	TYPICAL EU MANDATE
Since	2011, for all corporations	2024–2028, phased by size
Authority's role	Receives every invoice by the next day	Clearance, network copy or periodic reporting
Penalties	A percentage of each invoice's value	Often flat amounts per failure
Returns	Pre-filled from invoice and card data	Pre-filling just beginning

Who this briefing is for

- ◀ **Groups with a Korean subsidiary** running on a global SAP template.
- ◀ **Companies adding Korea** to an existing SAP Document and Reporting Compliance roll-out.
- ◀ **Finance teams** who want to check that a long-running set-up is still complete.

02 How the e-tax invoice works

Signed, numbered, reported the next day

An e-tax invoice is a structured file in the format set by the National Tax Service (NTS), **signed with an approved certificate** and given a unique approval number by the system that issues it. It is sent to the buyer and transmitted to the NTS no later than the day after issue.

Four ways to issue

CHANNEL	TYPICAL USER
Hometax	The NTS's free portal — small businesses and low volumes
Service provider	Paid providers connected to the ERP — the usual route for multinationals
Own ERP system	Large Korean companies with a direct, certified connection
Phone or tax office	Taxpayers with limited internet access

From billing to the NTS

1 Issue

The invoice is created from the billing document, in the NTS format, and signed with a business certificate.

2 Number

A 24-digit approval number is assigned: date, an issuing-system code and a sequence.

3 Deliver

The buyer receives the invoice — usually by email or through the provider.

4 Report

The invoice is transmitted to the NTS by the day after issue; Hometax transmits at once.

Reading the approval number

PART	MEANING
8 digits	Issue date — year, month, day
8 digits	The issuing system; the first two digits show the channel: Hometax, phone, provider, own ERP, mobile or tax office
8 digits	A sequence within that system

Certificates

- A business general-purpose certificate, an e-tax-invoice certificate, a provider's certificate, or a security card from the tax office
- Personal and banking certificates cannot sign invoices — a common surprise for foreign-owned entities

STORAGE IS SOLVED — IF TRANSMISSION IS ON TIME

Invoices must be kept for five years. **An invoice transmitted on time is treated as stored**, because the NTS holds the copy. An invoice transmitted late, or not at all, loses that protection as well as attracting a penalty.

03 Who must issue, and when

Every company, most sole proprietors, by the 10th

Who is in scope

TAXPAYER	OBLIGATION
Corporations	All, regardless of size, since 2011
Sole proprietors	Prior-year supplies, taxable and exempt, of KRW 80 million or more — from 1 July of the following year, and it stays even if turnover later falls
Simplified foreign registrants	Not required — they sell digital services to consumers

Threshold history for sole proprietors: KRW 300 million (2014), 200 million (July 2022), 100 million (July 2023), 80 million (July 2024). No change took effect in 2025 or 2026.

Timing

The rule is to issue at the time of supply. Invoices may be **aggregated monthly**, and the deadline that matters for penalties is the **10th of the following month** — moved to the next business day when it falls on a weekend or holiday.

Amended invoices: six grounds, six deadlines

GROUND	HOW AND WHEN
Error in a required field	When found — within one year of the final return's due date
Duplicate	Negative invoice, dated as the original
Price change	The difference, by the 10th of the month after the change
Contract cancelled	Negative invoice, by the 10th of the following month
Goods returned	Negative invoice, by the 10th of the following month
Retroactive local letter of credit	Zero-rated amendment, within the specified deadline

When someone else prepares the invoice

- **Reverse issuance** — the buyer drafts, the supplier approves; the supplier remains the issuer
- **Buyer-issued invoice** — when a supplier refuses or has closed, the buyer applies to the tax office (from KRW 50,000 per transaction)
- **Consignment** — a third party, such as a platform, issues on the supplier's behalf

WHY AMENDMENTS ARE THE WEAK SPOT

Original invoices flow automatically from billing. **Amendments depend on people choosing the right ground** — a price change is not a return, and a cancellation is not a duplicate. Each ground has its own form and deadline, and the wrong one can mean a penalty on an invoice that was otherwise correct.

04 Penalties and the buyer's deduction

Percentages of supply value, not flat fees

Korean penalties are charged as a **percentage of the supply value** of each invoice concerned, so they scale with volume. A process that is late on a small share of invoices can still produce a large number.

FAILURE	PENALTY, % OF SUPPLY VALUE
Issued late — after the 10th, before the return's due date	1%
Not issued by the return's due date	2%
Paper invoice by a mandatory e-issuer	1%
Transmitted late — after day +1, before the return's due date	0.3%
Not transmitted by the return's due date	0.5%
Fictitious invoice issued or received (from 1 January 2026)	4%

Issuance penalties take precedence, so they are not added to transmission penalties on the same invoice. Caps per type of violation are reported by some sources; confirm with your adviser.

The buyer's side

- ◀ **No valid invoice, no input VAT.** The deduction depends on the supplier's invoice.
- ◀ **Late invoices** may still allow the deduction within a limited window after the final return, at a cost to the buyer — confirm the conditions.
- ◀ **Missing invoices** can be replaced by a buyer-issued invoice through the tax office.
- ◀ **Every transmitted invoice appears on the buyer's side of Hometax**, so accounts payable can reconcile what suppliers reported against what was booked.

Where penalties usually come from

CAUSE	CONSEQUENCE
Provider or certificate failure unnoticed	Transmission after day +1 — 0.3% on every invoice affected
Billing done after month-end close	Invoices issued after the 10th — 1%
Wrong amendment ground	An amended invoice treated as late or invalid
Supplies billed outside SAP	Invoices never issued electronically — 2%

An illustration

A subsidiary billing **KRW 2 billion a month** issues one invoice in ten after the 10th, because billing runs after month-end close. The late-issuance penalty is 1% of KRW 200 million — **KRW 2 million a month, or KRW 24 million a year** — for a process that otherwise works. The figures are illustrative.

A MONITORING PROBLEM, NOT A FORMAT PROBLEM

After fifteen years, format errors are rare. Penalties come from **timing**: a job that did not run, a certificate that expired, an invoice issued after the 10th. A daily check that every invoice has been transmitted is the cheapest control in Korean compliance.

05 VAT, returns and the wider system

The invoice is the first line of the return

VAT in brief

- Standard rate **10%**
- Exports, international transport and certain foreign-currency services zero-rated
- Domestic supplies under a local letter of credit need a zero-rated e-tax invoice
- Exempt supplies need an **electronic invoice**, a separate document

The return calendar

PERIOD	RETURN	DUE
January–March	Preliminary	25 April
January–June	Final	25 July
July–September	Preliminary	25 October — 26 October 2026 , as the 25th is a Sunday
July–December	Final	25 January

Individuals and small corporations receive an assessment instead of filing a preliminary return.

Pre-filled returns

The NTS pre-fills VAT returns from the data it already holds. For the July 2026 final return it pre-filled **thirty categories** — e-tax invoices, card sales, exports, import VAT deferrals and more — for almost seven million filers, with an AI assistant on mobile. **The company's job is to reconcile, not to compile.**

Sales to consumers

- Card slips and cash receipts replace tax invoices for consumers
- In designated industries, a cash receipt is mandatory for cash sales of KRW 100,000 or more, within five days
- The penalty for not issuing one is 20% of the amount
- Four more industries were added from 1 January 2026

Foreign businesses

SITUATION	RULE
Digital services to consumers	10% VAT through simplified registration since 2015, no threshold; quarterly returns; no e-tax invoices
Korean branch or subsidiary	A normal taxpayer — full e-tax invoice obligations
Services through a Korean branch (proposal)	From 2027, a service would follow the branch when the branch issues the tax invoice

TWO PROPOSALS FROM THE 2026 TAX REFORM

The reform proposals of August 2026 would **rename the invoice date fields** — "date of supply" and "issue date" — for invoices issued from **1 July 2027**, which reaches every ERP mapping; and clarify VAT on services supplied through Korean branches from 2027. Both depend on the National Assembly.

06 What it means for your SAP system

SAP DRC, a Korean provider, and the business place

SAP delivers a **Korean e-tax invoice scenario in SAP Document and Reporting Compliance**, running through SAP's cloud integration and a Korean service provider, which signs, numbers and transmits to the NTS. The integration content was first released in 2019 and is still maintained, with a 2026 version.

SCENARIO	IN SAP DRC
Issue	Electronic documents created from billing and sent through the provider
Reverse issuance	Buyer-drafted invoices, in both directions
Status, cancel, reject	Statuses returned to the cockpit; cancellations and rejections handled
Urgent transmission	Immediate submission to the NTS when needed
Supplier invoices	Retrieved through the provider for accounts payable

Where Korean data lives in SAP

ELEMENT	WHAT TO CHECK
Business place	The seller's registration data per business place — or invoicing in the name of headquarters
Tax codes	Mapped to taxable, zero-rated and exempt treatments, and to the right document
Document types	Billing and accounting types assigned to Korean electronic documents, including consolidated invoices
Provider settings	The business code the provider assigns, and the communication set-up

Platform notes

- **S/4HANA, on-premise and cloud:** SAP's standard scenario, with set-up guides updated in 2026
- **SAP ERP 6.0:** partner solutions exist; confirm SAP's own support for your release
- **Electronic invoices** for exempt supplies need their own handling
- **The 2027 field renaming**, if enacted, will need mapping changes from SAP and the provider

Decisions to take

- ◀ **Issue per business place or in the headquarters' name** — and record why.
- ◀ **Bill at supply or monthly** — and, if monthly, before the 10th, not after close.
- ◀ **Map each credit-memo reason** to one of the six amendment grounds.
- ◀ **Who owns certificates and the provider relationship** — locally and at group level.

THE GLOBAL TEMPLATE TRAP

A Korean subsidiary on a global template often bills **monthly after close** — which pushes invoices past the 10th — and treats credit memos generically, without the six amendment grounds. Both are template decisions with Korean penalties attached.

07 A health check

Twelve questions, and what a poor answer costs

QUESTION	IF THE ANSWER IS UNCLEAR
1 Is every invoice transmitted by day +1?	0.3% on every late invoice
2 Are monthly invoices issued by the 10th?	1% late-issuance penalties
3 Do credit memos use the right amendment ground?	Amended invoices treated as late or invalid
4 Are all Korean supplies billed in SAP?	Invoices never issued — 2%
5 Who renews certificates, and when do they expire?	Transmission stops without warning
6 Are business places set up correctly?	Invoices in the wrong seller's name
7 Are exempt supplies on electronic invoices?	A separate obligation missed
8 Do we reconcile the pre-filled return?	Differences found by the NTS first
9 Are supplier invoices matched to Hometax?	Lost deductions, missing invoices
10 Is reverse issuance controlled?	Invoices issued in your name you did not approve
11 Is the provider integration monitored daily?	Failures found at the return
12 Are we ready for the 2027 date fields?	A mapping change found too late

Questions 1, 2 and 5 cover most of the penalty risk in a mature Korean set-up. Question 3 is where expert review most often finds errors nobody had noticed.

The first thirty days

Week 1

- Transmission timeliness, last quarter
- Certificate register

Weeks 2–3

- Amendments by ground
- Supplies billed outside SAP

Week 4

- Pre-filled return reconciliation
- 2027 field change plan

What we typically find

- Original invoices reliable for years
- Certificates owned by one person, locally
- Amendments chosen by habit, not by ground
- The pre-filled return accepted without reconciliation

SCORING IT HONESTLY

Korean set-ups are usually old and stable — which is why they are rarely reviewed. **The risk sits in timing and amendments**, not in the format, and it accumulates quietly until the return.

Three figures to ask for

FIGURE	WHAT A GOOD ANSWER LOOKS LIKE
Invoices transmitted after day +1	Zero, or each one explained
Invoices issued after the 10th	None outside agreed exceptions
Differences against the pre-filled return	Known, explained and owned

08 How 30 Advisory helps

An SAP finance and compliance practice

Korea does not need a new project. It needs its long-running set-up checked against the rules that have moved around it — and watched every day.

Korean health check

Two to three weeks against section 07 — transmission timing, issuance dates, amendments, certificates, business places and reconciliation.

Output: a prioritised gap list.

Implementation

SAP DRC for Korea with your provider — issuing, reverse issuance, amendments, inbound retrieval and monitoring.

Output: a standard, maintained scenario.

Run and legal change

Daily monitoring, return reconciliation, and changes such as the 2027 date fields applied on plan.

Output: a set-up that stays current.

What a health check produces

A timing position	Invoices transmitted after day +1 and issued after the 10th, with the penalty exposure
An amendment view	Amended invoices by ground, with errors and their deadlines
A reconciliation view	SAP against Hometax and the pre-filled return, on both sides

What makes this different

- ◀ **We look at timing.** That is where mature Korean set-ups lose money.
- ◀ **We work with your provider.** The provider transmits; SAP must stay the system of record.
- ◀ **We bring a group view.** Korea alongside your other mandates, in one SAP design.
- ◀ **We say what we are not.** We are not your Korean tax adviser. We work alongside the people who are.

What to bring to the first conversation

- Your Korean entities and business places
- Your SAP release and provider
- Last quarter's invoice volumes
- Any penalty notices received

A SENSIBLE FIRST STEP

Ask for two numbers: **invoices transmitted after day +1, and invoices issued after the 10th**, over the last quarter. Together they show your penalty exposure today. 30advisory.com

Sources consulted 7 October 2026 — NTS and Ministry of Economy and Finance guide to electronic tax invoices; NTS press material on pre-filled returns (July 2026); Crowe Korea (2026 changes); VATupdate and practitioner sources on the 2026 tax reform proposals; vatcalc, VATIT, Sovos and PwC tax summaries; Korean practitioner guides on thresholds, amendments, penalties, buyer-issued invoices and cash receipts. SAP behaviour from SAP Business Accelerator Hub documentation, SAP knowledge-base articles and partner material. The NTS and the Korean legislation portal could not be accessed directly.

This briefing is provided for information only and does not constitute tax, legal or accounting advice. It summarises publicly available material as at 7 October 2026. Several points rely on secondary sources — including penalty caps, the late-invoice deduction window and SAP support on SAP ERP 6.0 — and the 2026 tax reform items are proposals. Confirm the position for your own entity with the National Tax Service or a qualified adviser before acting. 30 Advisory accepts no liability for decisions taken on the basis of this document.