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Attorneys at Law
YULCHON

20th ANNIVERSARY

TAX ANNUAL REPORT 2017

YULCHON LLC

20TH ANNIVERSARY

2017

TAX ANNUAL REPORT

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Welcome Message

Chang Rok Woo

Sai Ree Yun

This is the 20th year of our mission to create a unique and collaborative environment in the practice of law and to provide the most commercially innovative solutions for our clients.

Over the past two decades, we witnessed profound changes in the Korean legal market, and we have successfully grown from a small Korean law firm with less than 10 people to a full-service law firm with more than 400 Professionals. Despite this rapid growth, our essence remains the same. Our business model is based on collaboration, we take a long-term approach to our relationship with clients, and we always strive to deliver superior quality.

Today, the legal world is changing, and we have become adept at adapting with it. In many cases, we have been at the forefront of introducing change with our innovative efforts. Our goal is to take our clients on this journey of change with us and demonstrate the real value Yulchon can deliver. The trust our clients have placed in us has allowed Yulchon to embrace these changes in the legal world and even be recognized by the Financial Times as one of the most innovative law firms in the Asia-Pacific.

We realize that our success over the years is directly attributable to our clients and friends, and we reaffirm our dedication to providing innovative solutions and outstanding services as we help our clients navigate new paths to growth in the year ahead and for many years to come.

Contents

20 YEARS IN THE MAKING OF YULCHON

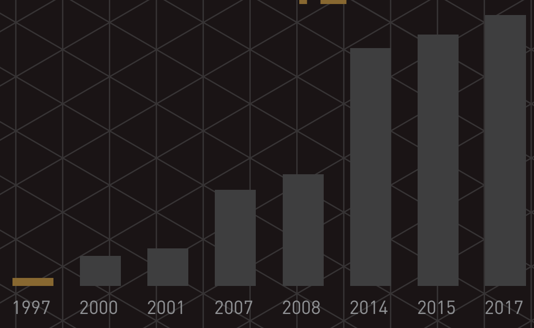
- **The Early Days of Yulchon (1997-2000)**
- **Rapid Growth to a Full Service Law Firm (2001-2007)**
- **Overseas Expansion & Milestone Events (2008-2014)**
- **Opening a New Chapter in the Firm's History (2015-2017)**

1997

The Early Days of Yulchon

Yulchon sets the stage for steady growth in the Korean legal services market.

Professionals 12



Woo, Yun, Kang, Jeong & Han: The Birth of Yulchon

The Signing of the Firm's First Partnership Agreement

Founding Partners

Chang Rok Woo, Sai Ree Yun, Bong Hee Han, and Hee-Chul Kang (from left)

Yulchon welcomes its first associate

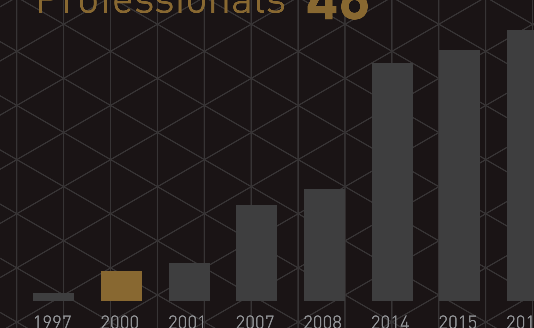
- Ki Young Kim.

Former high ranking judges join the Firm.

Yong Sup Yoon (right), Ju Bong Park, and Sang Wook Cho (2nd & 3rd from left)

Professionals' Retreat and Workshop

Professionals 46



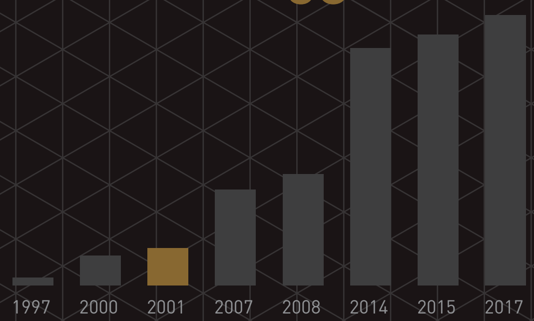
2000

2001

Rapid Growth to a Full Service Law Firm

Yulchon becomes one of Korea's leading full service law firms.

Professionals **58**



Introduction of a New Corporate Identity

Yulchon celebrates its 10th year anniversary.

Former judges join Yulchon.

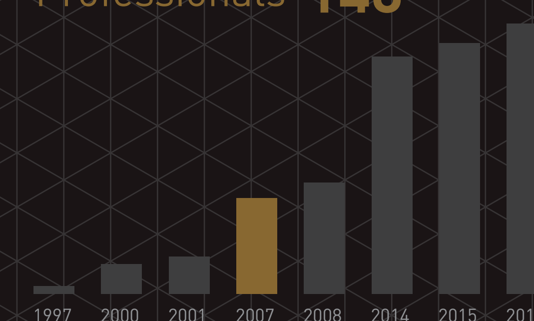
Hai Sung Park, Hae Sik Park, Sang Min Lee, and Seok Hoon Kang (from left)

The Tax Team expands into the Tax Group.

Influential senior lawyers join Yulchon.

Yong Joon Kim, Seong Taek Shin, and Dae Hwan Kim (from left)

Professionals **148**



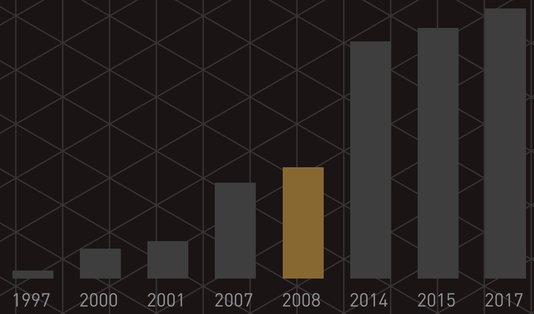
2007

2008

Overseas Expansion & Milestone Events

Yulchon expands overseas and strengthens its international practice.

Professionals **172**



Yulchon signs MoU with the Ministry of Planning and Investment of Vietnam.

Opening of the Beijing Office

Launch of Onyul - a public interest corporation founded by Yulchon

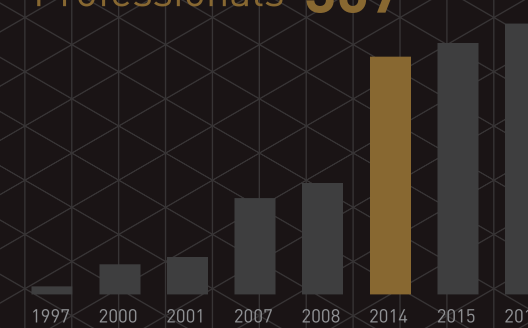
Opening of the Yangon Office

Yulchon strengthens international practice with several senior foreign counsel.

Yulchon receives a plaque of appreciation from the Ministry of Economic Development of Russian Federation (Above).

Opening of the Moscow Office (Below)

Professionals **367**



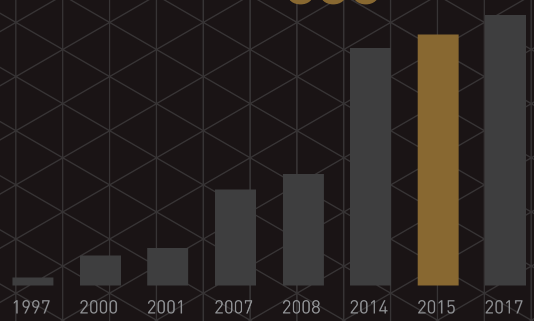
2014

2015

Opening a New Chapter in the Firm's History

Yulchon is recognized as a leading innovator and celebrates its 20th year anniversary.

Professionals **388**



Soon Moo Soh receives the 48th Korean Legal Culture Award hosted by Korean Bar Association.

Yulchon relocates to new offices.

Yulchon is recognized as the National Law Firm of the Year by Chambers & Partners

- the Chambers Asia-Pacific Awards 2017.

20th Anniversary Concert

Yulchon receives Financial Times Innovative Lawyers Asia-Pacific Awards for three consecutive years from 2015 to 2017.

Yulchon is recognized as the Asian Law Firm of the Year by the Asian Lawyer

- Asia Legal Awards 2016.

2015 TechLaw Fall Conference

Professionals **418**

2017

2017 CASE HIGHLIGHTS

TRANSACTIONAL TAX

Korean Shipping Company

Client Industry Shipping

Value USD 1.35 billion

Lead Partners Dong Soo Kim, Sang Woo Song

Case Details
Yulchon successfully advised a Korean shipping company in connection with its restructuring process achieved through voluntary agreements with its creditor financial institutions. Yulchon advised the client to tackle all legal barriers in implementing the new restructuring plan. Yulchon negotiated with various creditors and other interested parties of the client to finalize the restructuring plan. This process involved lengthy negotiations and coordination with creditor financial institutions, public bondholders, CP holders and financial regulatory authorities. Yulchon provided legal solutions to realize each step required to implement the new restructuring plan and played a key role in completing the large-scale restructuring project within a short timeframe of 5 months.

Significance
The restructuring proceeded within an extremely short timeframe. Yulchon's Tax Group played a key role in completing the restructuring transaction by suggesting the optimal tax structure and resolving complex tax issues within the short timeframe. As a result, the client has been able to continue its business operation without being liquidated. Through the successful completion of this restructuring project, in addition to the successful completion of other large-scale restructuring projects through voluntary workout/accord, Yulchon has been recognized as the leading law firm in the out-of-court restructuring field.

Korean Life Insurance Company

Client Industry Insurance

Value USD 170 million

Lead Partners Dong Soo Kim, Sang Woo Song

Case Details
Yulchon advised a Korean life insurance company on its acquisition of a 100% equity interest in a wholly-owned subsidiary of a European insurance group. The client had signed a share purchase agreement to buy a 100% equity interest in the subsidiary of a European insurance group for about USD 170 million in 2016 and successfully closed the deal in 2017. This transaction was particularly complex as it required several regulatory approvals regarding subsidiary ownership under the Insurance Business Act, the change of a large shareholder under the Act on Corporate Governance of Financial Companies, and a merger filing under the Monopoly Regulation and Fair Trade Act. Yulchon provided a detailed interpretation of relevant regulations with specific case examples and closely consulted with various regulatory authorities throughout the entire process, which led to the successful consummation of the deal. In particular, Yulchon's Tax Group played a key role by providing efficient advice for various tax issues involved in the transaction.

Significance
As this case was a M&A between a Korean life insurance company and a wholly-owned subsidiary of a European insurance group, there were various domestic and international tax issues to be reviewed. Considering all of these various tax issues, Yulchon's Tax Group formulated the most tax efficient structure, and suggested the best solution whenever a specific tax issue occurred. With this acquisition, the client strengthened its footing in the life insurance market.

GENERAL CORPORATE TAX

Korean Asset Management Company A

Client Industry Investment Management

Value USD 829 million

Lead Partners Dong Soo Kim, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon successfully assisted in a series of important US real estate investments made by a Korean asset management company. The client's US real estate investments include: (i) the investment of USD 370 million in Mezzanine loans collateralized by an office building (245 Park Avenue) located in New York; (ii) the investment in senior loans, valued at USD 235 million, secured by Central Park Tower located in New York; (iii) the investment of USD 100 million in Mezzanine B loans secured by an office building (85 Tenth Avenue) located in New York; (iv) the investment of USD 65 million in Mezzanine loans collateralized by an office building (650 Fifth Avenue) located in New York; and (v) the investment of USD 59 million in Mezzanine A loans secured by four Club Quarters Hotels located in San Francisco, Chicago, Boston and Philadelphia, respectively.

Significance
Yulchon's Tax Group advised on tax issues regarding the investment structure as well as all relevant legal issues concerning the acquisition of the loan, reviewed the relevant agreements, and supported the negotiations for the acquisition of the property. Through Yulchon's efforts, the client was provided with the necessary tax advice and guidance and was able to successfully close the deals.

GENERAL CORPORATE TAX

Korean Asset Management Company B

Client Industry Investment Management

Value USD 430 million

Lead Partners Dong Soo Kim, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon successfully assisted a Korean asset management company in its US real estate investments. The client's US real estate investments include: (i) the acquisition worth USD 280 million of the headquarters building of State Farm located in Atlanta, Georgia; (ii) the investment of USD 100 million in Mezzanine loans collateralized by an office building (Olympic Tower) located in New York; and (iii) the investment of USD 50 million in Mezzanine loans secured by logistics centers which are leased to FedEx and are located in Florida and Massachusetts, respectively.

Significance
In the above US transactions, Yulchon advised on tax issues regarding the investment structure as well as all relevant legal issues concerning the acquisition of the loan, reviewed the relevant agreements, and supported the negotiations for the acquisition of the property. Yulchon's Tax Group, with its extensive experience and competence in dealing with US real property investments, successfully assisted the client on the investments by resolving various tax issues and formulating the most tax efficient structure for the client.

Korean Asset Management Company C

Client Industry Investment Management

Value USD 326 million

Lead Partners Dong Soo Kim, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon assisted with the successful closing of the US real estate investments made by a Korean asset management company. The client's US real estate investments include: (i) the investment in Mezzanine loans, valued at USD 195 million, secured by buildings located at 225 and 233 Park Avenue in New York; (ii) the investment of USD 87 million in senior loans secured by an office building (501 Fairview Avenue) located in Seattle, Washington; and (iii) the investment of USD 44 million in Mezzanine loans secured by Grande Lakes, a resort hotel located in Orlando, Florida.

Significance
Yulchon's Tax Group helped the client on its investments in US real property by resolving various tax issues in light of the characteristics of each US investment. Also, Yulchon formulated the most tax efficient structure for the client in each transaction.

Korean Public Institution

Client Industry Public Sector

Value USD 300 million

Lead Partners Dong Soo Kim, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon successfully advised a Korean public institution on its investment in The CAMPUS @3333 Phase III, an office building located in Santa Clara, California, through a joint venture established in the US by the client and the California Teachers' Retirement System. Yulchon examined various due diligence reports, the purchase agreement with the seller, the investment management agreement with CBRE Global Investors, the joint venture agreement with the California Teachers' Retirement System, tax-related issues, and regulations on foreign exchange transactions in addition to preparing related reports. In particular, Yulchon paid meticulous attention to the tax exemption requirements of the US tax law, in which the client was particularly interested.

Significance
Yulchon's Tax Group successfully assisted the client on its investment in the US real property by suggesting the optimal tax structure and resolving complex tax issues. In particular, Yulchon satisfied the client's needs relating to tax exemption through its extensive knowledge of US tax law.

Korean Asset Management Company C

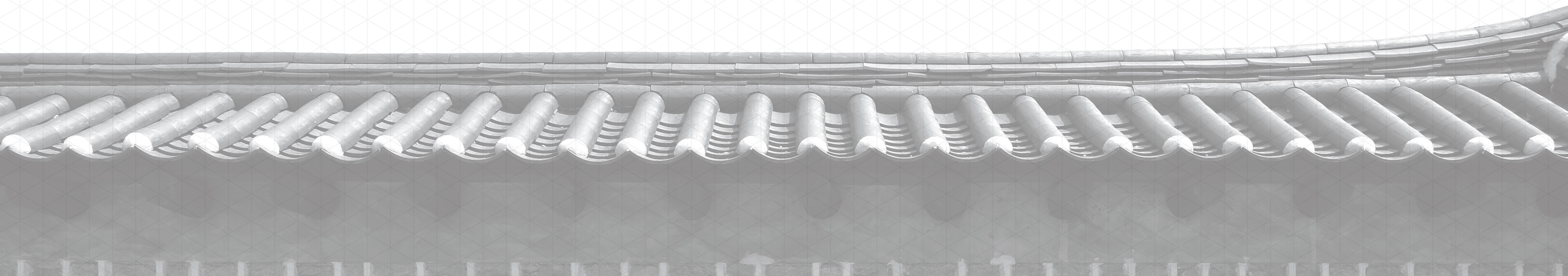
Client Industry Investment Management

Value USD 21 million

Lead Partners Dong Soo Kim, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon advised a Korean asset management company in a transaction involving the acquisition of real estate located in 2-6 Bowes Street in Canberra, Australia by a fund established and operated by the client, utilizing a trust created under Australian law, which resulted in the successful closing of the deal. This transaction was one of many investments into Australian real estate which have become popular among institutional investors in Korea. The transaction value for the deal was USD 21 million.

Significance
During this transaction, Yulchon provided legal assistance by reviewing the legality of the transaction structure and all relevant agreements. Yulchon also reviewed and summarized the relevant due diligence reports, drafted the necessary foreign exchange reports, and advised on the related tax issues. In particular, Yulchon provided tax advice on efficient investment structuring, taking into consideration the restrictions under applicable laws and the resultant tax effects.



TAX CONTROVERSY

CORPORATE INCOME TAX, TRANSFER PRICING

Major Korean Companies

Client Industry Various

Value USD 260 million

Lead Partners Dong Soo Kim, Seok Hoon Kang, Kyung Geun Lee, Ki Seon Shin

Case Details
In suits seeking the cancellation of corporate income tax assessments relating to guarantee fees, Yulchon successfully represented major Korean multinational companies. Yulchon successfully elicited a series of decisions from the Seoul Administrative Court that were rendered in favor of the plaintiff companies. In these cases, a foreign subsidiary received a payment guarantee from its Korean parent company whose credit ranking is high in order to be entitled to lower interest rate when borrowing from a foreign financial institution, and the Korean parent company received guarantee fees in return for such payment guarantee. During tax audits against the plaintiff companies, the Korean National Tax Service assessed corporate income tax against the Korean parent companies arguing that the amount of guarantee fees received by the Korean parent companies is less than the arm's length price calculated through application of the National Tax Service's internally formulated model. Yulchon pointed out the defects of the method of calculating the arm's length price using the National Tax Service's internal model in various situations, and the Seoul Administrative Court accepted Yulchon's assertion and rendered a decision in favor of the plaintiff companies. These decisions were the first court rulings ever made with respect to corporate income tax assessments relating to guarantee fees. After the Seoul Administrative Court rendered the above decisions, the National Tax Service cancelled the corporate income tax assessments made against the Plaintiff companies, considering that it had only a small chance to win the cases on appeal.

Significance
This guarantee fee case is a leading case in Korea with no binding precedent. Based on its in-depth understanding of the financial guarantee provided by multinational companies, Yulchon pointed out the problems of the tax authority's model. In particular, by thoroughly analyzing the practice of the credit-rating industry, Yulchon was able to successfully persuade the court to recognize that the taxpayer's arm's length calculation method was appropriate. Yulchon won all the cases at the first-level court, and after the court rendered the above decisions, the tax authority cancelled the corporate income tax assessments relating to guarantee fees.

VAT, CORPORATE INCOME TAX

Korean Steel Company

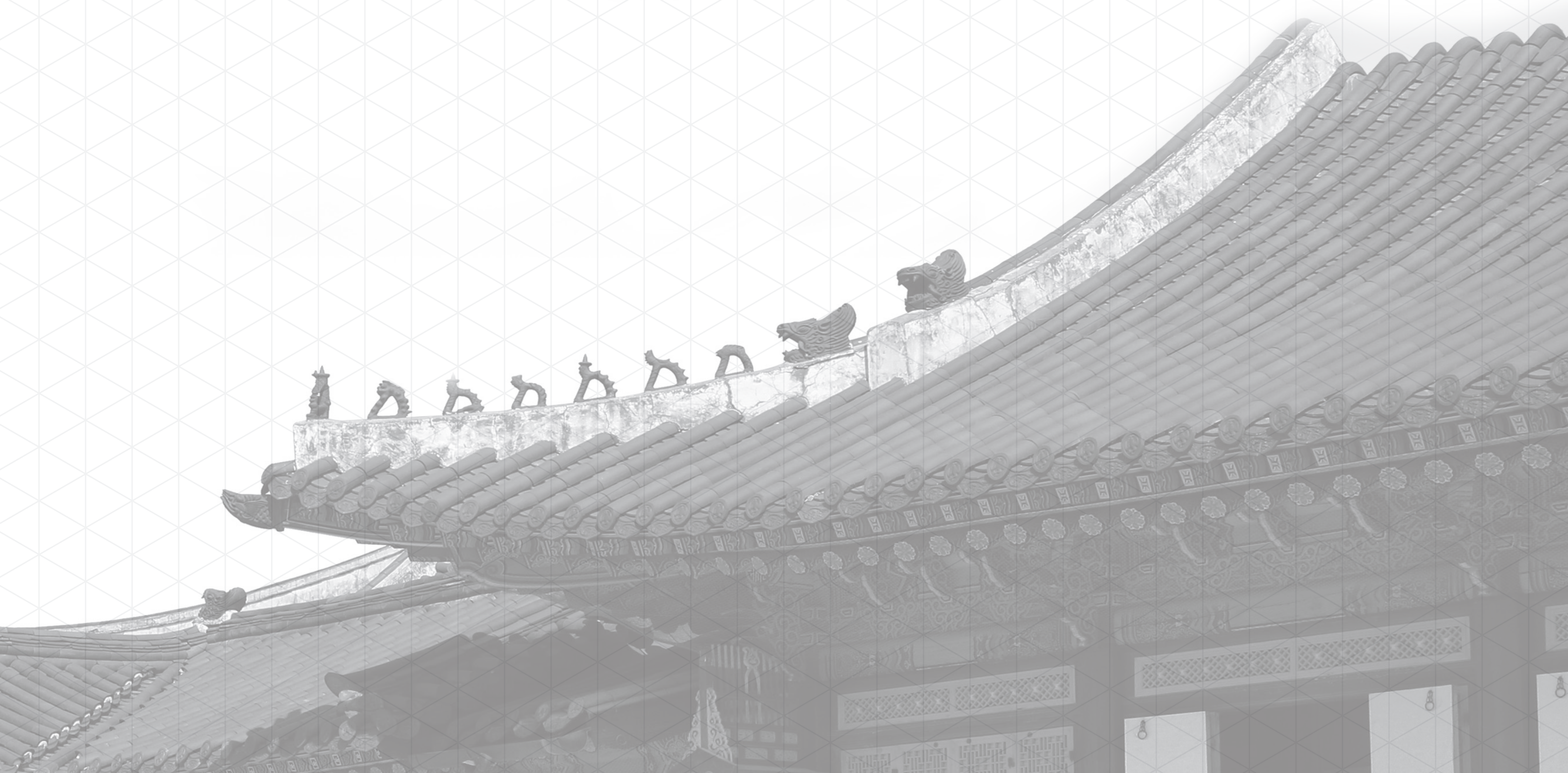
Client Industry Steel

Value USD 140 million

Lead Partners Dong Soo Kim, Seok Hoon Kang, Jong Hyok Lee, Jae Hyung Jang, Tae Yong Park, Won Bong Yang

Case Details
Yulchon represented a Korean steel company in an appeal before the Tax Tribunal against a USD 140 million VAT and corporate tax assessment, achieving, in substance, a complete dismissal of the assessment. In this case, the Korean tax authority reconstructed the transaction between the client and its subsidiary as a commissioned sale as opposed to an ordinary sale. On this basis, the Korean tax authority rejected the tax invoices that the client had received from its subsidiary and assessed substantial VAT and corporate income taxes, as well as penalties. In addition to developing legal arguments based on existing precedents, Yulchon actively challenged the fact-finding of the Korean tax authority and obtained a verdict in favor of the client.

Significance
The decision for this case is particularly meaningful because it based itself on the legal premise that when interpreting and applying tax laws, the legal form chosen by the parties must be respected as a general rule. The decision further made clear that even if there is a dispute as to whether the nature of the underlying contract is that of a commissioned sale or an ordinary sale, as long as the parties have chosen the form of an ordinary contract and, unless there was tax evasion or abusive transactions, the relevant tax invoices cannot be considered false. By deriving such an important and meaningful decision from the Tax Tribunal and thereby successfully representing the client, Yulchon proved its competence.



TAX CONTROVERSY

CUSTOMS

Joint Venture between Korean Conglomerate and European Oil and Gas Company

Client Industry Energy

Value USD 25 million

Lead Partners
Seok Hoon Kang, Jeong Cheol Cho, Jong Hyok Lee, Un Sang Jung, Youn Jong Kim, Jae Hyung Jang, Hyung Bae Kim, Won Bong Yang

Case Details
In a case seeking the cancellation of a customs duty assessment imposed by the Korea Customs Service against a joint venture between a Korean conglomerate and a European oil and gas company, Yulchon successfully represented the client with regards to the tariff classification of natural gas liquids (NGLs) – hydrocarbons used as a raw material for petrochemical products in place of naphtha. The client has been importing NGLs to replace naphtha as a dominant feedstock for the production of petrochemicals and reported the imports under the category of NGLs which are tariff-free. However, the Korea Customs Service imposed customs duties and VAT worth USD 32 million on the grounds that such imports should be classified as crude oil (with a 3% tariff rate), not a petroleum product since they only went through a simple stabilization process. Yulchon collected and analyzed foreign documents and WCO materials relating to NGLs, compared the nature of NGLs to that of naphtha, comprehensively analyzed foreign countries' tariff classification cases concerning products similar with NGLs, and explained the production process of NGLs through materials obtained from the producer of NGLs. These efforts proved that the Korea Customs Service's argument does not conform to the HS Convention and the tariff table. After two years of deliberation, the Tax Tribunal accepted Yulchon's argument and cancelled most of the previously imposed customs duties (in the amount of about USD 25 million).

Significance
This case is meaningful in that it resolved confusion regarding NGLs caused by the assessment of the Korea Customs Service against the petrochemical industry. With the successful conclusion of this case, obtained through Yulchon's efforts, the client has been entitled to additional refunds even on the NGLs imported after the customs duty assessment.

Global Tobacco Company

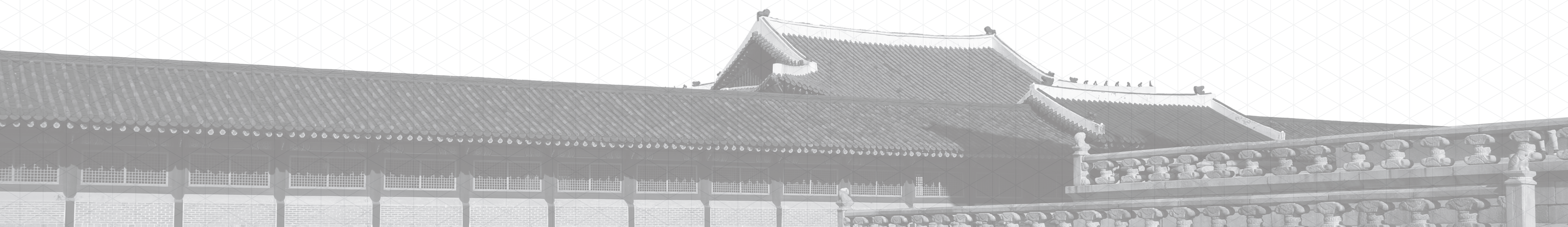
Client Industry Tobacco

Value USD 360,000

Lead Partners Seok Hoon Kang, Se Hoon Park

Case Details
In a case, which arose from the client seeking a refund of customs duty due to unjust enrichment, Yulchon represented a Korean subsidiary of a global tobacco company and successfully obtained a favorable court decision for the client.The client imported leaf tobacco from less developed countries such as Mozambique and Uganda, which imports were subject to a zero preferential tariff rate under the Regulations on Providing Preferential Tariff to Least Developed Countries. Accordingly, with respect to the leaf tobacco imports, the client declared that there is no customs duty to pay and submitted the country of origin certificates issued by the government of Mozambique and the government of Uganda, respectively, using a form prescribed under the Notice on Operation of the Country of Origin System. However, the customs authority imposed a 20 percent basic tariff and penalties on the leaf tobacco imported by the client, arguing that the form through which the country of origin certificates were submitted does not fall under the statutory form prescribed under the Notice on Operation of the Country of Origin System. The client appealed such impositions, and the Korea Customs Service determined that the country of origin certificates submitted by the client can be recognized as legitimate country of origin certificates subject to a zero preferential tariff rate and cancelled the imposition of customs duties and penalties. Based on the above decision by the Korea Customs Service, the client filed a request for refund with the relevant customs offices. However, with respect to some of the above leaf tobacco imports, one of the relevant customs offices refused to refund customs duties and penalties to the client for the reason that the request for refund was made after expiration of the statute of limitations for imposing customs duties.

Significance
Yulchon, representing the client, first filed a complaint to the Anti-Corruption & Civil Rights Commission, requesting for a refund of customs duties and penalties, and successfully obtained the Commission's recommendation that the relevant customs office refund customs duties and penalties to the client. However, the customs office did not accept the Commission's recommendation. Thereafter, Yulchon brought this case to the court, utilizing the Commission's recommendation as proof, and successfully obtained a first-level court decision for the client. Although the defendant appealed this case, the second-level court affirmed the lower court decision. This case resulted in a successful outcome for the client, because of Yulchon's strategy to first bring the case to the Anti-Corruption & Civil Rights Commission and obtained the Commission's refund recommendation. This recommendation was used as evidence before the court and helped Yulchon to persuade the judges to rule in favor of the client.



TAX CONTROVERSY

CORPORATE INCOME TAX, SECURITIES TRANSACTION TAX

Korean Multinational Automotive Manufacturer

Client Industry Automobile

Value USD 16.8 million

Lead Partners Dong Soo Kim, Jae Hyung Jang, Won Bong Yang

Case Details
In a case seeking the cancellation of corporate income tax and securities transaction tax assessments in the amount of USD 16.8 million imposed by the Korean tax authority, Yulchon, representing a Korean multinational automotive manufacturer, successfully persuaded the Tax Tribunal to rule that the corporate income tax and securities tax assessments were illegal. In this case, there was a joint venture between the client and a European multinational engineering and electronics company, with each holding 50 percent of the joint venture. In 2012, the client ended the joint venture with the European company by taking over all the shares in the joint venture held by the European company and having the joint venture transfer the European company's business unit within the joint venture to the European company. The Korean tax authority considered that when ending the joint venture, the client and the European company avoided taxation on capital gains derived from the above transfer of shares under the Corporate Income Tax Act and the Korea-Germany Tax Treaty so that only the treaty-reduced rate of 5 percent applied to the European company. Accordingly, the Korean tax authority made corporate income tax and securities transaction tax assessments in the amount of USD 16.8 million. Yulchon, representing the client, actively argued that the capital transaction at issue had no tax avoidance purpose but had a reasonable purpose of ending the joint venture relationship. The Tax Tribunal accepted Yulchon's argument and cancelled the corporate income tax and securities transaction tax assessments.

Significance
This case is meaningful in that Yulchon successfully persuaded the Tax Tribunal to accept that the transaction at issue had no tax avoidance purpose despite the tax authority's argument based on the substance over form principle. This case placed a limit on the tax authority's tendency to indiscreetly apply the substance over form principle as a general anti-avoidance rule.

TAX CONTROVERSY (CORPORATE INCOME TAX) & TRANSFER PRICING

European Broker/Dealer

Client Industry Securities

Value USD 192 million

Lead Partners Seok Hoon Kang, Young Joon Chun, Kyu Dong Kim, Joon Yung Jo

Case Details
Yulchon successfully represented a European broker/dealer in a suit seeking the cancellation of a corporate income tax assessment. As the client was not able to issue equity linked warrants ("ELWs") in its name, the client acquired ELWs from the local issuer as the liquidity provider ("LP") at the issue price. For purposes of hedging risk, the client sold over-the-counter ("OTC") options, the content of which is the same as ELWs, to the local issuer. Based on the above, the client sold ELWs to investors in the market. The Korean tax authority argued that the client is the issuer of ELWs in substance according to the substance over form principle. In response to the Korean tax authority's argument, Yulchon asserted that the Korean tax authority's corporate income tax assessment was erroneously made based on its misunderstanding of the essence and the market practice of ELWs. The issuer of the ELWs was not the client. Rather, the local issuer and the client, as the LP, merely acquired ELWs from the local issuer, sold ELWs in the market, and hedged risk by selling OTC options to the local issuer. By presenting the above arguments, Yulchon showed that the client did not illegitimately obtain benefits under the Korean tax law. The Supreme Court accepted Yulchon's argument and affirmed the lower court decision.
In addition, Yulchon successfully represented the same client in an appeal seeking a refund of the tax which was excessively reported and paid through a self-assessment tax return by the client. With respect to offline and online stock transactions as well as futures and option transactions conducted between the client and its overseas related parties, the client had received excessive brokerage commissions compared with the arm's length price for brokerage commissions. Yulchon actively proved that based on the comparable uncontrolled price method, the amount of brokerage commissions the client received from its overseas related parties with respect to not only offline and online stock transactions but also futures and option transactions was excessive compared with the arm's length price for brokerage commissions. Therefore, a reduction in the taxable income based on downward transfer pricing adjustments should be allowed. The court accepted Yulchon's argument. Accordingly, the Korean tax authority gave up its appeal and refunded the excessively paid corporate tax to the client.

Significance
This corporate income tax litigation is meaningful in that, based on Yulchon's deep understanding of ELWs and regulatory issues relating to ELWs, Yulchon successively pointed out that the Korean tax authority erroneously assessed corporate income tax based on its misunderstanding on the essence and the market mechanism of ELWs. This case became the leading case, based on which courts rendered favorable decisions for plaintiffs in similar cases involving financial companies. Also, this case is particularly meaningful because it placed a limit on the tax authority's tendency to indiscreetly apply the substance over form principle as a general anti-avoidance rule and made clear that contracts concluded between the parties must be generally respected. Further, the transfer pricing refund case is significant in that a taxpayer's request for a tax refund was accepted based on downward transfer pricing adjustments after self-assessment tax returns were filed. Using its in-depth understanding of the finance industry, Yulchon effectively explained to the court about the transfer pricing issue relating to the transactions.

CUSTOMS VALUATION

Global Luxury Brand

Client Industry Luxury Goods

Lead Partners Dong Soo Kim, Hyung Bae Kim

Case Details
In 2014, Yulchon's Tax Group successfully consummated an Advance Customs Valuation Arrangement ("ACVA") with the Korea Customs Service on behalf of a globally renowned luxury clothing brand. An ACVA, introduced by the Korea Customs Service in 2008, is a proceeding which is commenced by the importer's submission of a request for the customs authority to approve its transfer pricing method to determine the transaction value of goods purchased from its foreign related party. Once approved, the ACVA is effective for a period of three years during which the taxpayer will be protected from a customs audit. The taxpayer should file an annual report indicating whether all approved terms of the ACVA are met. After the three-year period, the taxpayer may file a renewal application. Through the success of the ACVA project, the client procured management stability and predictability by obtaining official approval of their valuation method from the tax and customs authorities without unnecessary difficulties. Following the obtaining of the ACVA approval on behalf of the client in 2014, Yulchon performed a follow-up submission of the 2016 annual report on behalf of the client which proved that the price of the products the client imported from its overseas related party conforms to the ACVA approval requirements. In addition, as the ACVA approval period terminated in March 2017, Yulchon is currently representing the client in order to obtain an ACVA renewal.

Significance
As the price of luxury goods is generally high, both the National Tax Service and the Korea Customs Service frequently conduct tax and customs audits with respect to the transaction price of luxury goods imported between related parties. The problem is that the transfer pricing method applied by the National Tax Service's transfer pricing investigation is entirely different from that applied by the Korea Customs Service's customs valuation investigation. As a result, multinational luxury goods companies are always facing the risk of the imposition of indirect taxes such as customs duties and value added tax. Based on its in-depth understanding of the luxury industry, Yulchon was able to find connections between the transfer pricing valuation method and the customs valuation method, and was able to significantly reduce the client's customs and value added tax-related risks through the ACVA process.

PRO BONO

GIFT TAX

Scholarship Foundation

Value USD 14 million

Lead Partners Soon Moo Soh, Young Joon Chun

Case Details
In a suit seeking the cancellation of a gift tax assessment, Yuchon represented a scholarship foundation and successfully obtained a unanimous decision by the Supreme Court to reverse the High Court's holding and remand the case back to the High Court. In this case, the founder of a local daily newspaper decided to donate money earned through his newspaper business to help students of the university he attended. The founder funded a scholarship foundation and donated 90 percent of his shares in the local daily newspaper to the foundation, which was worth USD 18 million. With respect to the shares donated by the founder to the foundation, the Korean tax authority imposed gift tax and penalties on the foundation. The foundation brought this case to the court, arguing that such imposition of gift tax was unfair under these circumstances. The first-level court ruled for the foundation, but the High Court sided with the Korean tax authority. According to the text of Korean gift tax law, gift tax should be imposed on the foundation, because there is a special relationship between the donor (the founder) and the donee (the foundation). However, there is also a fundamental question as to whether it is proper to impose such a large amount of gift tax on the act of donation.

Significance
This case, which was subject to significant domestic media attention, was brought to the Supreme Court in 2011 and remained unconcluded for a long time. In 2016, Yulchon decided to represent the client pro bono and actively argued for the client. In particular, Yulchon focused on the argument relating to the legal principle of "disposition on grounds of equity" under German tax law that was not introduced in Korea. The term "disposition on grounds of equity" means where a legitimate assessment made through the application of tax law brings an unconstitutional result, such assessment can be cancelled. As a result, the Supreme Court accepted Yulchon's arguments and rendered a decision for the client.

2017 Yulchon Newsletters

Quarterly Newsletter

Yulchon Newsletter Spring 2017 (Apr. 2017)

Yulchon Newsletter Summer 2017 (Aug. 2017)

Yulchon Newsletter Autumn 2017 (Nov. 2017)

Yulchon Newsletter Winter 2017 (Dec. 2017)

Antitrust

KFTC Releases 2017 Policy Agenda & Performance Plan (Feb. 2017)

KFTC Imposes Corrective Measure on Dow-DuPont Merger (Apr. 2017)

The State Council Approves Amendment to the Presidential Enforcement Decree of the Monopoly Regulation and Fair Trade Act (Oct. 2017)

Corporate & Finance

Korean Financial Authorities Release Amended Guidelines on Financial-Sector Personal-Information Protection (Mar. 2017)

Margin Rules for Uncleared Swaps (Mar. 2017)

Guidance on Shareholder Activity in Accordance with the Stewardship Code (June 2017)

Heightened Disclosure Requirements for LLCs in Korea (Oct. 2017)

Korea's "Lemon Law" Enables Consumers to Demand Refund or Replacement of Defective Motor Vehicles (Dec. 2017)

Proposed Emergency Measures to Regulate Cryptocurrency (KOREA) (Dec. 2017)

Proposed Changes to the Anti-Graft Law (KOREA) (Dec. 2017)

Healthcare

Implementation Details of Korea's "Sunshine Act" under Discussion (Feb. 2017)

Implementation of Korea"s "Sunshine Act" (Apr. 2017)

ICT

ICT Sector Government Policy Changes for 2017 (Jan. 2017)

KCC Announced "Guidelines on Protection of Personal Information for Customized Online Ads" (Feb. 2017)

Summary of Regulatory Reform Plan of AI, VR and Fintech (Mar. 2017)

Insolvency

Road to wind down Hanjin Shipping: Termination of Rehabilitation Proceedings (Feb. 2017)

Korean court declared Hanjin Shipping's bankruptcy (Feb. 2017)

Introduction of Seoul Bankruptcy Court (Feb. 2017)

Intellectual Property

Korean Courts to Hear Patent and Trademark Cases in English and Other Foreign Languages (Nov. 2017)

Labor & Employment

Labor & Employment Year in Review 2016, and Prospects for 2017 (Feb. 2017)

South Korea's New President Moon Jae-In's Campaign Promises on Labor Issues: What Changes Should You Prepare For? (May 2017)

South Korean Minimum Wage to Increase to 7,530 Won (or US$ 6.6) in 2018: Is Your Wage Scheme Vulnerable? (Aug. 2017)

Government Withdraws Guidelines on Termination and Work Rules Change: Impact on Companies in Korea (Oct. 2017)

Korean Laws on Sexual Harassment, Annual Leave, and More Significantly Amended (Dec. 2017)

Tax

Annual Review on International Tax Matters in Korea (Jan. 2017)

Recent Trends of Customs Administration in 2017 (Feb. 2017)

Korea Signs Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (June 2017)

2017 Tax Law Amendments Proposal (Aug. 2017)

2017 Tax Amendments (Dec. 2017)

2017 Publication List

Antitrust

Choi, In Seon. Determination of the Party Responsible for the Violation of Act on Fair Labeling and Advertising. Journal of Competition Law and Policy, Vol 8. (In Korean).

Chung, Cecil Saehoon and In Seon Choi. Types of Reverse Payments Based on the Form of Compensation and Determination of Illegality: U.S. Federal Court Cases and Implications. Journal of Competition, Vol. 190. (In Korean).

Chung, Cecil Saehoon, Sung Bom Park, and In Seon Choi. Chapter on Korea, "Dominance 2017, Getting the Deal Through." Law Business Research.

Ju, Soon Sik, Seung-Min Lee, and In Seon Choi. Designing Regulation for the Sharing Economy in Korea. Journal of Competition, Vol. 191. (In Korean).

Kim, Kyoung Yeon. Chapter on Merger Control in Korea, China-Korea IP & Competition Law Annual Report. China-Korea MARKET & Regulation Law Center.

Kim, Kyoung Yeon. Recent Trends in KFTC Enforcement Activities regarding IPRs, CPI's Asia Column. Competition Policy International.

Kim, Kyoung Yeon. Regarding Competition Regulation on Cartel Activities Through AI or Pricing Algorithm. The Journal of Competition. (In Korean).

Kim, Kyoung Yeon. Overview of Major Court Decision (Case Review Series). Korean Bar Association News. (In Korean).

Kim, Kyoung Yeon. Chapter on Korea, ICC Leniency Manual 2nd Edition. International Chamber of Commerce.

Lee, Seung-Min. A Study on Conditional Administrative-Agency Decisions, Where the Conditions Require Additional Consultation, Agreement, or Approval. Administrative Law Journal, vol. 48. (In Korean).

Yoon, Yong Hee. The Impacts and Implications of CERCLA on the Soil Environmental Conservation Act of the Republic of Korea. Transnational Environmental Law 6(1), Cambridge University Press.

Yoon, Yong Hee and Jun Woo Cheong. Study on Large-Scale Retailers' Fair Trade Practices Act. Journal of Competition Law Case Studies, Association of Competition Law Case Studies. (In Korean).

Yun, Sai Ree, Cecil Saehoon Chung, Kyoung Yeon Kim, and Seung Hyuck Han. Chapter on Korea, The Cartel and Leniency Review 5th Edition. Law Business Research.

Yun, Sai Ree, Seuk Joon Lee, Cecil Saehoon Chung, Kyoung Yeon Kim, and Kyu Hyun Kim. Chapter on Korea, The Merger Control Review 8th Edition. Law Business Research.

Corporate & Finance

Byun, Ung Jae. Strategy of Korean Company's Using Taiwan Capital Market. Research on China Capital Market. (In Korean).

Choi, Jin Seok. Insolvency of a Joint Consortium Member. Construction & Economy Daily. (In Korean).

Choi, Jin Seok. Sub-Contractors' Claim against Project Owner. Construction & Economy Daily. (In Korean).

Choi, Jin Seok. Insolvency and Guarantee. Construction & Economy Daily. (In Korean).

Hong, Myung Jong and Beom Sang Lim. Legal Issues with Regard to the Internet Bank in Korea. Seoul National University B.F.L. (In Korean).

Hur, Ben B. Margin Requirements for Non-Centrally Cleared OTC Derivatives – Implementation in Korea. IBA Publication - Securities Law.

Kang, Raymond M. Implementation of Korea's "Sunshine Act." Lexology.

Kim, Ki Young, Su Yeon Lee, Raymond M. Kang, and Sung Keun Park. Contrasting Fates of Two Korean Shipping Giants: A Lesson on How Container Liners Facing Financial Difficulties Should Approach Restructuring. IBA Insolvency & Restructuring International Vol. 11.

Park, Jae Hyun. Regulation of Private Funds and Their Managers. Jiwon Publishing Company. (In Korean).

Dispute Resolution

Kim, Chul Man. The Creditor's Right during Rehabilitation Proceeding of Debtor. The Construction and Economy News. (In Korean).

Kim, Chul Man. The Executory Contract and Ipso Facto Clause in Rehabilitation Proceeding. The Construction and Economy News. (In Korean).

Kim, Chul Man. The Restructuring of Membership Golf Country Club. The Construction and Economy News. (In Korean).

Cho, Kyu Sok and Jin Yong Heo. Practical Issues on Cumulative Voting. BFL Vol 84. (In Korean).

Hwang, In Yong. Japan's Corporate Reorganization Procedures – Focus on ADR of Business Recovery. The Justice No. 158-3 (Special Issue Ⅱ). (In Korean).

Hwang, In Yong. New Way of Handling Secured Rehabilitation Claims – Regarding How to Handle Japan's Corporate Recovery Procedures Through Linkage. Human Rights and Justice No. 463. (In Korean).

Hwang, In Yong. Summary and Implication of Japan Airlines' Insolvency. Korean Lawyers Association No. 721. (In Korean).

Kim, Chul Man, Ki Young Kim, Sun Kyoung Kim, Su Yeon Lee, and Jin Seok Choi. The Asia-Pacific Restructuring Review 2018, Korea Chapter. Global Restructuring Review(GRR).

Park, Ki Jeung. Risk & Force Majeure. K-Build Dec 2017.

Intellectual Property

Choe, Jeong Yeol and Doil Son. The Limitations on the Use of Big Data Pursuant to Data Privacy Regulation in Korea. Journal of Korean Law 17-1 (Seoul National University).

Lim, Hyeong Joo. IP Policy. Korea Institute of Intellectual Property (KIP). (In Korean).

Real Estate & Construction

Jung, Yu Chul. Legal Nature of Construction Supervision Contracts and Legal Issues Arising from Suspension of Contracts. CM Herald, January Edition (2017). (In Korean).

Jung, Yu Chul. Potential Changes to Classification of Expenditure Item Groups Serving as Basis for Escalation. The Construction and Economy News. (In Korean).

Jung, Yu Chul. In Case of Delay in Completion of Construction Due to Accident, What Is the Scope of Construction Companies' Compensation for Damage? The Construction and Economy News. (In Korean).

Kim, Man Ki. A Study on Korean Companies' Strategies for Expansion in Entry to US Defense Supply Chains: Focusing on Korea-US Reciprocal Defense Procurement (RDP) MOU. Korea Defense Industry Association. (In Korean).

Kim, Tae Kun. 'Trust' Between Public and Private Sectors Is Critical to Comply with Contractual Principles. The Construction and Economy News. (In Korean).

Lee, Kyung Jun. Cases Involving Increase in Cost of Design Change Due to Changes to Tunnel Driving Method for Turn-Key Construction. The Construction and Economy News. (In Korean).

Park, Ju Bong. The Korean Supreme Court Holds "Upon Termination of Unit Sale Contract, Corporate Income Tax Should be Calculated Again." The Construction and Economy News. (In Korean).

Yun, Dukgeun. Different Ways of Preventing and Resolving PPP Disputes in the Republic of Korea – The Comparative Approach, MSc Thesis. King's College London (2017).

Yun, Dukgeun. In Memory of UK's Construction Industry Innovator, the Late Sir Latham. The Construction and Economy News. (In Korean).

Yun, Dukgeun. Implications of UK Cases Regarding Liquidated Damages. The Construction and Economy News. (In Korean).

Tax

Cho, Jeong Cheol. Korea's Customs Valuation Method for Transaction Value Between Related Parties. Global Trade and Customs Journal Vol.12 Issue 1.

Choi, Yong Whan. Notable Decisions of 2016 in International Taxation. Journal of IFA, Korea Vol.33 No.2. (In Korean).

Kim, Beom June. Past, Present and Future of Principal Purpose Test. Journal of IFA, Korea Vol.33 No.3. (In Korean).

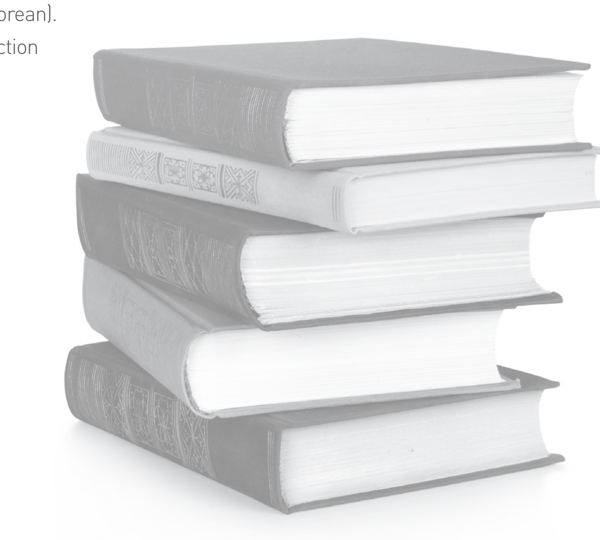
Kim, Dong Soo and Yong Hwan Kwon. A Study on the Buy-in Payment of Cost Sharing Arrangement Focusing on a Recent U.S. Tax Court Case. Journal of IFA, Korea Vol.33 No.2. (In Korean).

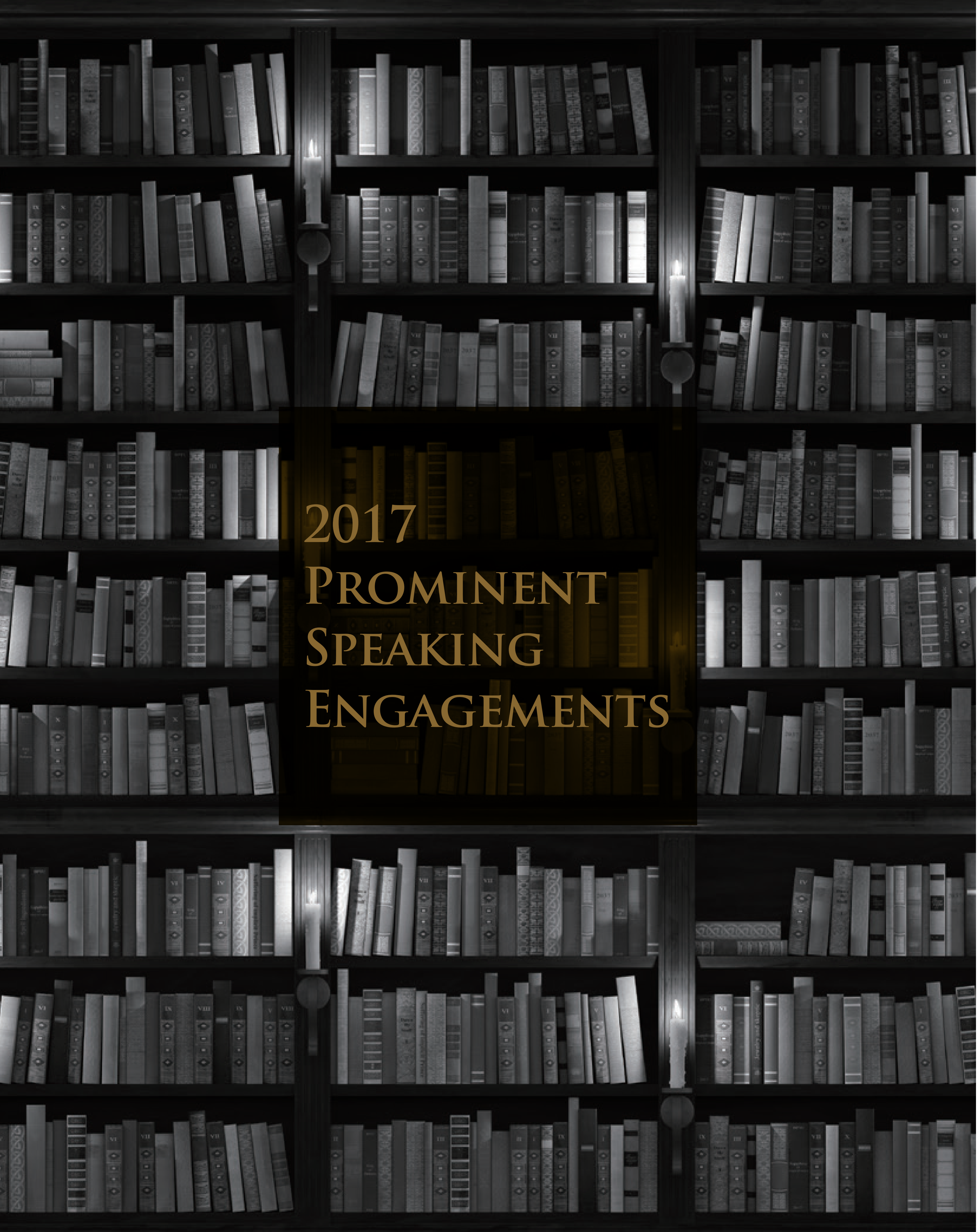
Kim, Kun Jai. Scope of Tax Sparing Credit under the Korea-China Tax Treaty. Seoul Law Review Vol.25 No.1. (In Korean).

Kwak, Tae Hoon. Justifiable Cause for Exemption of Penalties. The Justice No.159. (In Korean).

Lee, Kyung Geun. An Analysis on the "Regime for Limitation on Excessive Interest Deduction vis-à-vis Taxable Profits" that Government Has Announced and Some Proposals for Its Development in the Future. Tax and Accounting Review Vol.6 No.3. (In Korean).

Lee, Kyung Geun. A Study for Legislating the Main Contents of OECD Transfer Pricing Guidelines Amended in Accordance with Results of BEPS Projects. Study on Accounting, Taxation & Auditing No.72. (In Korean).





2017 Prominent Speaking Engagements

Antitrust

Choi, In Seon. US-EU Competition Law: Key Cases & Recent Developments. Fair Competition Federation. (Dec. 2017).
Kim, Kyoung Yeon. The Legislative and Regulatory Trends of Antitrust Area in 2017. IHCF Annual Workshop. (Sept. 2017).
Kim, Kyoung Yeon. Abuse of Dominance Regulation in Korea. 13th Annual IBA Competition Mid-Year Conference. (June 2017).
Yoon, Yong Hee. What the Paris Agreement on Climate Change Means. Asian WTO Trade Forum 2017. (Aug. 2017).
Yoon, Yong Hee. South Korea's Renewable Energy Policy under the New Climate Change Framework. 30th LAWASIA Conference Presentation. (Sept. 2017).

Corporate & Finance

Byun, Ung Jae. Mission of Consumer Protection for Social Integration and Innovation. Hansun Foundation Seminar. (Nov. 2017).
Jang, Bo Sung. Issues, Procedures, and Negotiations Relating to Business Contract in Myanmar. KOTRA, Hyundai Research Institute Global Academy. (Nov. 2017).
Jang, Bo Sung. Legal Risk Management in Myanmar. KOTRA, Hyundai Research Institute Global Academy. (Nov. 2017).
Kim, Hong. South Korea's Way of Fighting Climate Change with Green Energy. MOTIE-ADB Forum. (Sept. 2017).
Lee, Jin Wook. Practical Tips for U.S. Market Entry. Bio Korea 2017. (Apr. 2017).
Shin, Young Su. An Analysis on the Effect of the Special Act on Insurance Fraud and Suggestions for Improvements Thereon. The Korea Commercial Cases Association and the Korea Business Law Association. (Aug. 2017).
Shin, Young Su. Overview of Recent Reform of UK Insurance Law and Its Anticipated Impacts on Us. Growth Opportunity of Insurance Industry Seminar. (Nov. 2017).
Son, Doil. Strategic Use of Big Data. The Third Innovative ICT Seminar. (Mar. 2017).
Son, Doil. Current Regulatory Trend of Privacy Regulation and Strategic Use of Big Data. Korea In-House Counsel Association. (Apr. 2017).
Son, Doil. Key Issues of Data Privacy in Outsourcing. Lotte Card Seminar. (Apr. 2017).
Son, Doil. Current Regulatory Trend of Privacy Regulation. Dulwich International School. (Feb. 2017, Apr. 2017).
Son, Doil. Sharing Economy and Personal Information. GS Caltex Seminar. (Nov. 2017).
Son, Doil. GDPR and its Impact on Korean Financial Institution. Korea Financial Security Institution. (Nov. 2017).
Son, Doil. Network and Data Neutrality. 2017 IPBA Annual Conference-TMT Session. (Apr. 2017).
Son, Doil. Information - New Oil. 2017 IBA Annual Conference-Technology Session. (Oct. 2017).

Dispute Resolution

Kim, Chul Man. Extending New Loan to Insolvent Company – Current Practice and Recent Development in Korea. IPBA Annual Conference in 2017 held in Auckland, New Zealand. (Apr. 2017).
Hwang, In Yong. Study on Comparative Law How to Secure Stable Transport Means upon Shipping Company's Insolvency. Data Book for 3rd Seminar regarding Laws of Harbor and Logistics. (Aug. 2017).
Hwang, In Yong. International Insolvency Proceedings of Business Group. Data Book of 4th Regular Symposium of Korea Association of the Law of Civil Procedure. (Nov. 2017).
Kim, Sun Kyoung. Restructuring in Shipping Industry - Foreign Court Recognition of the Shipping Company's Rehabilitation Procedure. 9th East Asia Symposium on Business Restructuring & Insolvency Law and Practice. (Oct. 2017).
Kim, Sun Kyoung. Foreign Court Recognition of the Shipping Company's Rehabilitation Procedure. Insolvency Law Institute of Korea. 9th Annual Symposium of East Asian Association of Insolvency and Restructuring. (Nov. 2017).

Intellectual Property

Han, Dong Soo. Effective Strategy for Managing Trademarks—Through Recent Court Precedents on Trademark Disputes between Affiliates. Effective Corporate Strategy for Managing Trademarks. (June 2017).
Han, Dong Soo, Jeong Hoon Hwang, Kyu Sang Hwang, Kun Jai Kim, Kyu Hyun Kim and Kee Jeong Kim. Effective Trademark Management Strategy in the Course of Corporate Restructuring, e.g. M&A or Converting to a Holding Company (Through Hypothetical Scenarios). Effective Corporate Strategy for Managing Trademarks. (June 2017).
Lim, Hyeong Joo. Developments in Trade Secret Protection. Korea Institute of Patent Information (KIPI). (Nov. 2017).
Lim, Hyeong Joo. Technology Protection Guidelines from an HR Perspective. Korean Association for Industrial Technology Security (KAITS). (Sept. 2017).
Lim, Hyeong Joo. Trade Secrets and IP Policy. Korea Institute of Intellectual Property (KIP). (Nov. 2017).

Real Estate & Construction

Kim, Nam Ho. Influence of Supreme Court Decision - Impact on Existing Transactions, Influence of Supreme Court Decision - Future Prospects. Disposition of Trust Property and VAT. (June 2017).

Tax

Cho, Yun Heui. Analysis of Supreme Court Decisions and their Background. Disposition of Trust Property and VAT. (June 2017).
Dryden, John. Taxation Strategies for Enterprises and Individuals Using the Singapore Structure. Korea - Singapore Financial Information Exchange and Tax Strategy. (Oct. 2017).
Dryden, John. Issue-based Review of Global Actions for Enterprises. International Seminar on Transfer Pricing. (Nov. 2017).
Kim, Kyu Dong. Exchange of Information and Common Reporting Standards in Singapore and their Impacts on Korean Investors. Korea - Singapore Financial Information Exchange and Tax Strategy. (Oct. 2017).
Lee, Kang Min. Suggestions from Improving the Taxation System of Public Interest Corporations. How Should The Legal System Regulating Public Interest Corporations be changed? (Apr. 2017).
Lee, Kang Min. Influence of Supreme Court Decision - Impact on Existing Transactions, Influence of Supreme Court Decision - Future Prospects. Disposition of Trust Property and VAT. (June 2017).
Lee, Kyung Geun. The Amended Korea-India Tax Treaty. India GST and Korea - India Tax Treaty Explanatory Meeting. (Oct. 2017).
Lee, Kyung Geun. Global Transfer Pricing Taxation Systems and Tax Audit Responses. International Seminar on Transfer Pricing. (Nov. 2017).
Park, Sang Tae. Review of the Achievements and Prospects of the Korea - US FTA with a Focus on Customs Issues. KORUS FTA and Major Trade Issues. (Mar. 2017).
Soh, Jin Soo. Virtual Currency and Taxation. The 7th Asia Future Pin Tech Forum. (Nov. 2017).
Song, Sang Woo. Supreme Court Decisions and Taxation of Real Estate Funds. Disposition of Trust Property and VAT. (June 2017).

Creating Shared Value

Creating Shared Value

Under the goal of creating shared value (CSV) through pro bono activities, Yulchon and Onyul together realize the Firm's philosophy and vision through pro bono activities. Onyul – a public interest corporation created by Yulchon in 2014 – fulfills its social role and mission in accordance with Yulchon's values of innovation and commitment.

Global Social Contribution

Yulchon and Onyul began an Emerging Economies Studies research program with Seoul National University's Graduate School of International Studies. This year, Yulchon and Onyul held the 3rd Country Report Conference where students from the Emerging Economies Research Center presented their individual country reports, analyzing each country's politics, law and economics.

Legal Support for Foreign Residents

From October 2015, Yulchon has provided free legal counseling for foreign immigrants, in cooperation with KB Kookmin Bank. This year, Yulchon and Onyul took one step further beyond one-on-one legal counseling and published a Legal Handbook for Foreign Immigrants in Cambodian, Vietnamese, Burmese and Mongolian in order to support their settlement in Korean society.

Adult Guardianship Support

Newly introduced by Civil Law amendment in 2013, the Adult Guardianship Act is a system which enables the assignment of legal guardians to adults with a lack of intellectual judgment ability, in order to help them carry out their everyday lives. Yulchon and Onyul support the implementation of this new system and we are working hard to ensure that the adult guardianship system contributes to protecting the human rights of intellectually disabled persons.

Employment of Persons with Disabilities

Since 2010, Yulchon has been hiring disabled people through job analysis with the Korea Employment Agency for the Disabled (KEAD), establishing jobs that can be performed by disabled people and utilizing recruitment services for disabled employees. In recognition of these efforts, Yulchon was the first law firm in Korea to be awarded the Presidential Award in April 2015.

Awards & Accolades

AWARDS & ACCOLADES

Most Innovative Asia Pacific Law Firm

The Financial Times, FT Asia Pacific Innovative Lawyers Awards 2018

FT INNOVATIVE LAWYERS2018 ASIA-PACIFIC WINNER

South Korea National Firm of the Year

Chambers and Partners, Chambers Asia-Pacific Awards 2017

NATIONAL FIRM OF THE YEAR SOUTH KOREA

Asia-Pacific Innovator of the Year

Asialaw Asia-Pacific Legal Practice Awards 2017

Visionary Firm of the Year

Asian-mena Counsel, In-House Community Counsels of the Year Awards 2018

Employer of Choice

Asian Legal Business

South Korea Tax Disputes and Litigation Firm of the Year

International Tax Review, ITR Asia Tax Awards 2018

Best in Tax

Asialaw Profiles, Asia-Pacific Dispute Resolution Awards 2017

Firm of the Year in Taxation

Asian-mena Counsel, In-House Community Firms of the Year 2017

Tax and Trusts Law Firm of the Year

ALB Korea Law Awards 2017

* in association with Roosdiono & Partners

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