



South Korea

Government and institution measures in response to COVID-19.

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General Information

Between 7 February and 3 March, the financial sector (from both state-invested banks, private banks and credit card companies) provided financial support directed at SMEs worth EUR 2.1 billion. On 4 March, the Ministry of SMEs and Start-ups announced its plan to provide support worth EUR 1.2 billion as supplementary budget, including the following measures:

- An Emergency Fund, providing direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees;
- Government guarantees, and insurance on loans.
- Sanitary support for the reopening of SMEs that closed due to exposure to infected patients;
- Encouraging brick-and-mortar shops to open their business online.
- Simplification of procurement processes by limiting on-site inspections.

Priority is given to regions that were affected the most.

- **19 March:** the Government announced a further USD 39 billion package including emergency financing for small businesses and other stimulus measures, and loan guarantees for struggling small businesses with less than USD 78 000 in annual revenue to ensure they can easily and cheaply get access to credit. Domestic commercial banks and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due.

Tax measures – Direct and Indirect

(e.g. payment deferrals, rate reductions...)

Click here to see a [comprehensive summary](#) of jurisdictional tax measures and government reliefs in response to COVID-19.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- The supplementary budget passed on March 17 contains funding for a wide range of programs to provide loans and other types of assistance to distressed firms and their employees.

Monetary Policy

- On March 23, The Bank of Korea pledged to begin purchasing an unspecified amount of local bonds to help prevent a possible liquidity crunch as well as expand the scope of its purchase program to include bonds issued by public enterprises.
- The Bank of Korea slashed its benchmark interest rate to 0.75% in an emergency move following actions by the Federal Reserve.
- Korea will lower interest rates applied to its loan facility for smaller companies, and add bonds issued by banks to its open market operations to enhance liquidity

Customs Measures

Measures announced

- Delayed payment of duties/instalment payment
- Suspension of Customs audits
- Filing paperless duty drawback

Other measures and sources

Trade restrictions:

- On March 19, Tokyo imposed additional restrictions on South Koreans seeking entry into Japan. Subsequently, Seoul imposed similar restrictions. These restrictions have not produced any new obstacles to bilateral trade, but it could indicate rising tension and further complicate efforts to resolve an existing trade dispute between the two countries that began last summer.

Main sources of information

- [Ministry of SMEs and Start-ups](#)

- Korea: Tax relief includes reduced rates, temporary increased deductions (COVID-19)

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