Consumption Tax Trends 2016 - Korea

VAT rates 2016

The Korean standard GST rate is 10.0%, which is below the OECD average. The average VAT/GST¹ standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. Korea applies a reduced rate of 0% to a number of goods and services. Since 2009, 22 of the 34 OECD countries that have a VAT have raised their standard VAT/GST rate at least once. In contrast, Korea has not changed its standard GST rate since its introduction in 1977.

VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Korea was 0.69 in 2014, above the OECD average of 0.56. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax.

Source: OECD Tax Database 1st January 2016

1. VAT refers to value added tax and goods and services tax (GST)


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