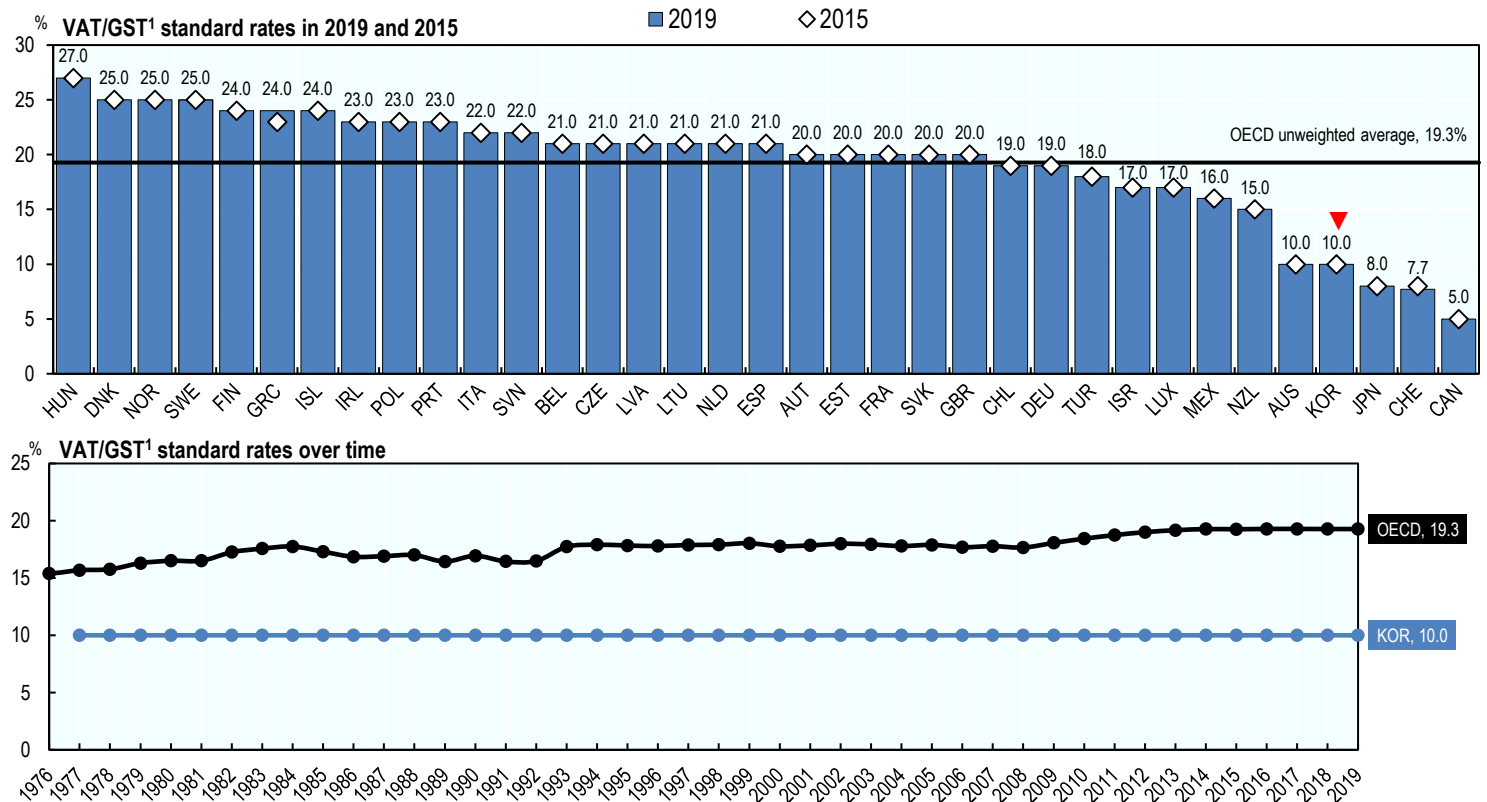


## Consumption Tax Trends\* - Korea

### VAT rate 2019

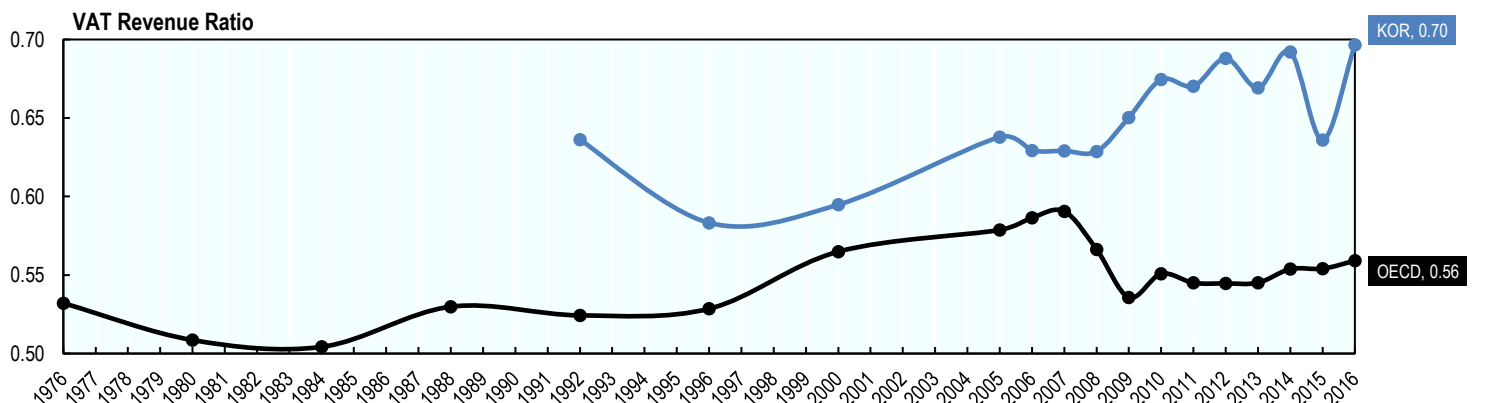
The Korean standard VAT rate is 10.0%, which is below the OECD average. The average VAT/GST<sup>1</sup> standard rate in the OECD was 19.3% as of 1 January 2019. Korea applies a reduced rate of 0% certain machinery and materials for agriculture; fishery; livestock and forestry. VAT was introduced in Korea in 1977 at a standard rate of 10.0% and has remained at this rate throughout.



1. VAT/GST refers to value added tax/goods and services tax  
 Source: OECD Tax Database 1st January 2019

### VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Korea was 0.70 in 2016, 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. Relative to the pre-crisis level of 2007 (0.63), the Korean VRR position has increased by 0.07 percentage points. The Korean VRR increased from 0.69 in 2014 to 0.70 in 2016. The lowest VRR was recorded in the year 1996 at 0.58 and the highest level in 2016 at 0.70.



The figures may not present the difference to the second decimal point accurately due to rounding

\* Information presented on this page is only a summary of more detailed information available in the Tax Database and Consumption Tax Trends publication

Source: OECD Consumption Tax Trends 2018 [oe.cd/consumption-tax-2018](http://oe.cd/consumption-tax-2018); OECD Tax Database [oe.cd/tax-database](http://oe.cd/tax-database)



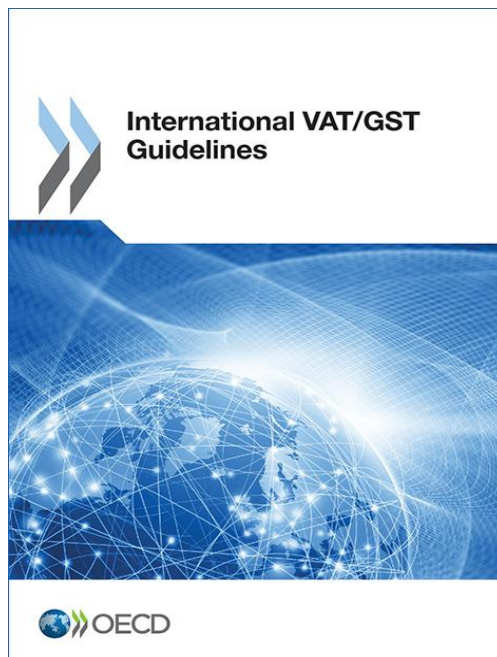
## Consumption Tax Trends 2018

*VAT/GST and Excise Rates, Trends and Policy Issues*

[oe.cd/consumption-tax-2018](http://oe.cd/consumption-tax-2018)

Consumption Tax Trends provides information on Value Added Tax/Goods and Services Tax (VAT/GST) and excise duty rates in OECD member countries.

It also contains information about international aspects of VAT/GST developments and the efficiency of this tax. It describes a range of other consumption taxation provisions on tobacco, alcoholic beverages and motor vehicles.



## International VAT/GST Guidelines

[oe.cd/international-vat-gst-guidelines](http://oe.cd/international-vat-gst-guidelines)

The International VAT/GST Guidelines now present a set of internationally agreed standards and recommended approaches to address the issues that arise from the uncoordinated application of national VAT systems in the context of international trade.

They focus in particular on trade in services and intangibles, which poses increasingly important challenges for the design and operation of VAT systems worldwide.

They notably include the recommended principles and mechanisms to address the challenges for the collection of VAT on cross-border sales of digital products that had been identified in the context of the OECD/G20 Project on Base and Erosion and Profit Shifting (the BEPS Project).

### Contacts

**David Bradbury**

Centre for Tax Policy and Administration  
Head, Tax Policy and Statistics Division  
[David.Bradbury@oecd.org](mailto:David.Bradbury@oecd.org)

**Stéphane Buydens**

Centre for Tax Policy and Administration  
VAT Policy Advisor  
[Stephane.Buydens@oecd.org](mailto:Stephane.Buydens@oecd.org)