



2024 National Tax Revenue Performance and Causes of Changes

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2024 National Tax Revenue Performance

- National tax revenue amounted to KRW 336.5 trillion, representing a decline of KRW 7.5T (-2.2%) from 2023 (KRW 344.1T) and KRW 30.8T (-9.1%) below the original budget.
 - In comparison to the previous year, value-added tax (VAT; +KRW 8.5T), earned income tax (+KRW 1.9T), and interest income tax (+KRW 2.0T) saw revenue growth.
 - Compared to the original budget, shortfalls primarily occurred in corporate tax (-KRW 15.2T) and income tax (-KRW 3T).
 - Additionally, the total revenue was KRW 1.2T (-0.3%) short of the government's revised forecast of KRW 337.7T for September 2024.

[Table 1] 2024 National Tax Revenue by Tax Item

	2023 Performance (A)	2024		YoY (C-A)		Vs. Main budget (C-B)	
		Main budget (B)	Performance (C)	Amount changed	Change rate	Difference	Difference rate ¹⁾
Total national tax	344.1	367.3	336.5	-7.5	-2.2	-30.8	-9.1
Income tax	115.8	125.8	117.4	1.6	1.4	-8.3	-7.1
- Comprehensive income tax	21.4	23.1	19.5	-1.9	-8.9	-3.5	-18.1
- Capital gains tax	17.6	22.4	16.7	-0.9	-5.0	-5.7	-34.3
- Earned income tax	59.1	62.0	61.0	1.9	3.2	-1.0	-1.6
- Interest income tax	5.2	4.9	7.2	2.0	38.2	2.3	31.7
Corporate tax	80.4	77.7	62.5	-17.9	-22.3	-15.2	-24.2
- Declared	60.4	56.8	39.4	-21.0	-34.7	-17.4	-44.2
- Withheld	20.0	20.8	23.1	3.1	15.2	2.3	9.8
Inheritance and gift tax	14.6	14.7	15.3	0.7	4.5	0.6	4.2
VAT	73.8	81.4	82.2	8.5	11.5	0.8	1.0
Special consumption tax	8.8	10.2	8.7	-0.2	-1.9	-1.5	-17.8
Security transaction tax	6.1	5.4	4.8	-1.3	-21.7	-0.6	-13.1
Transportation/energy/environment tax	10.8	15.3	11.4	0.5	5.0	-3.9	-34.6
Customs duties	7.3	8.9	7.0	-0.3	-4.3	-1.9	-27.7
Comprehensive real estate tax	4.6	4.1	4.2	-0.4	-9.0	0.1	1.8
Others ²⁾	21.8	23.9	23.1	1.3	6.1	-0.8	-3.5

Notes : 1) Difference rate is calculated against 2024 performance $([(C-B)/C] \times 100\%)$.

2) Others includes stamp tax, previous year's revenue, education tax, liquor tax, and the special tax for rural development

Source: Adapted from data provided by the Ministry of Economy and Finance

- The following section will examine the causes of changes in major tax items for 2024.



Causes of Changes in Major Tax Categories

- **Corporate tax revenue (KRW 62.5T) declined by KRW 17.9T (-22.3%) compared to 2023 (KRW 80.4T), predominantly in the declared part, primarily attributable to poor corporate performance.**

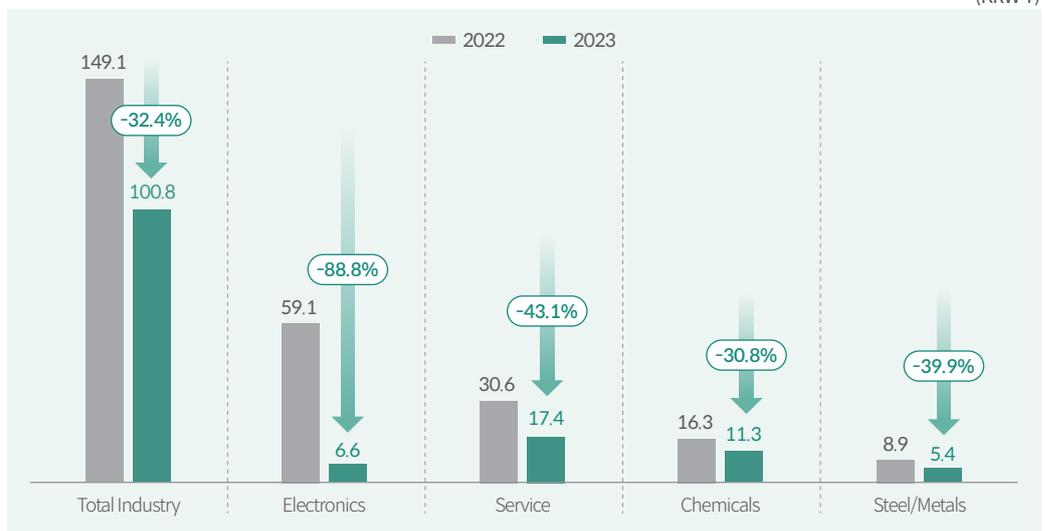
- Declared corporate tax revenue (KRW 39.4T) dropped by KRW 21.0T (-34.7%) compared to 2023 (KRW 60.4T), chiefly due to poor corporate performance* in export-oriented sectors such as semiconductors in 2023.

* Corporate tax declarations are based on corporate income from the previous year, which are submitted and paid in the following year.

- Listed companies' pre-tax profits fell by 32.4% across all industries in 2023, particularly in export-heavy sectors such as electronics, chemicals, and steel & metals, attributed to delayed global economic recovery and reduced global trade volumes.

- The electronics sector's pre-tax profits decreased by 88.8% year-on-year, driven by reduced semiconductor demand and prices.

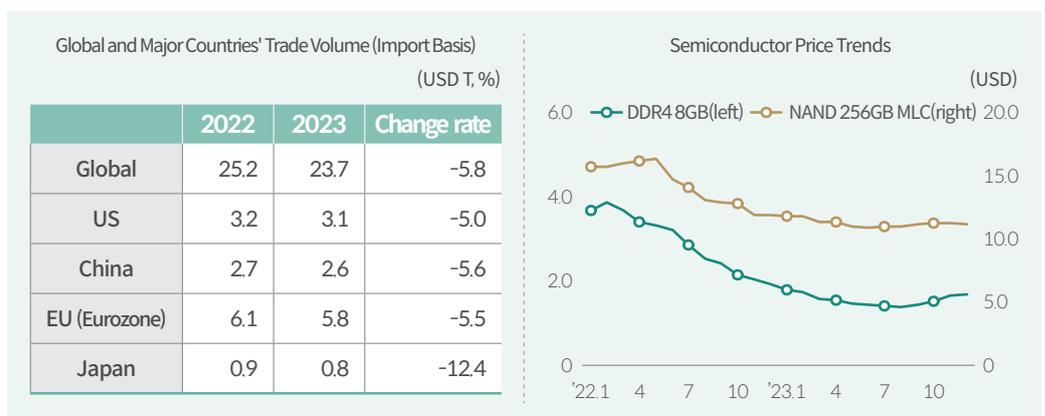
[Figure 1] 2023 Listed Companies' Pre-Tax Profit Trends by Industry (KRW T)



Note: Figures in ○ represent year-on-year change rates.

Source: Korea Exchange (KRX)

[Figure 2] Global Trade Volume and Semiconductor Price Trends



Source: Korea International Trade Association (Trade Volume), FnGuide (Semiconductor Prices)

- Meanwhile, withheld corporate tax revenue (KRW 23.1T) rose by KRW 3.1T (15.2%) compared to 2023 (KRW 20.0T), driven by growth in corporate financial assets.

- Non-financial corporates' financial assets (balance, KRW T): (2023) 4,034.5 → (2024 Q3) 4,105.9

▪ **Income tax revenue (KRW 117.4T) increased by KRW 1.6T (1.4%) compared to 2023 (KRW 115.8T) owing to growth in earned income tax and interest income tax revenue.**

- Earned income tax revenue (KRW 61.0T) increased by KRW 1.9T (3.2%) compared to 2023 (KRW 59.1T), attributed to the growing number of wage earners and improved nominal wage growth rates.

[Figure 3] Employment Indicator Trends



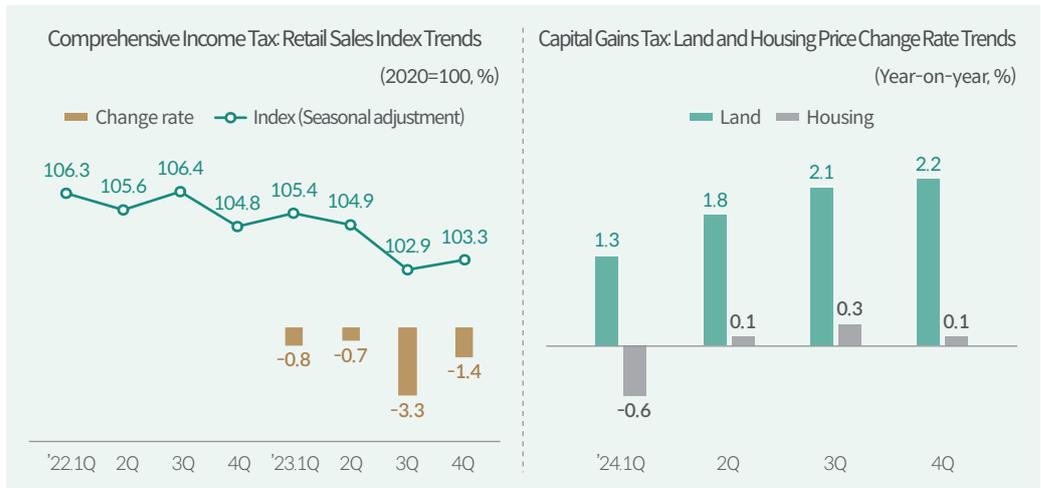
Source: Korean Statistical Information Service, Statistics Korea (KOSIS)

- Interest income tax revenue (KRW 7.2T) grew by KRW 2.0T (38.2%) compared to 2023 (KRW 5.2T) owing to sustained high deposit interest rates.

• Deposit interest rate trends (%): (2022) 3.6 → (2023) 3.9 → (2024 1H) 3.7 → (2024 2H) 3.5

- Contrastingly, comprehensive income tax revenue (KRW 19.5T) decreased by KRW 1.9T (-8.9%) compared to 2023, attributed to reduced small business income amid weak retail sales. Concurrently, capital gains tax revenue (KRW 16.7T) also decreased by KRW 0.9T (-5.0%) owing to a sluggish real estate market.

[Figure 4] Comprehensive Income Tax and Capital Gains Tax Indicator Trends

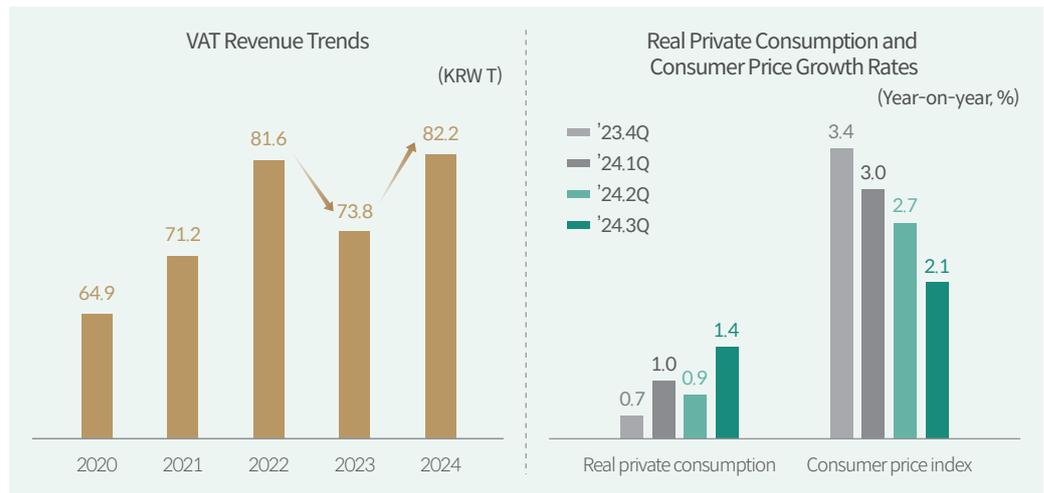


Source: Statistics Korea (Retail Sales), Korea Real Estate Board (Land and Housing Prices)

▪ **VAT revenue (KRW 82.2T) increased by KRW 8.5T (11.5%) compared to 2023 (KRW 73.8T) owing to inflation and other factors.**

- The substantial rise in VAT stems partly from increased nominal private consumption resulting from inflation and partly from a base effect caused by weak VAT revenue in the previous year.
- 2024 annual macroeconomic indicators growth rate (%): Consumer price index 2.3, real private consumption 1.1
- VAT revenue trends (KRW T): (2022) 81.6 → (2023) 73.8 → (2024) 82.2

[Figure 5] VAT Revenue and Related Indicator Trends



Source: Ministry of Economy and Finance Reports and Bank of Korea Economic Statistics System (ECOS)

Causes of Changes in Other Tax Categories

- **Regarding consumption-related tax, transportation/energy/environment tax revenue increased year-on-year owing to reduced fuel tax cuts, while customs duties revenue slightly decreased due to the expanded quota tariff.**
 - Transportation/energy/environment tax revenue (KRW 11.4T) rose by KRW 0.5T (5.0%) compared to 2023 (KRW 10.8T) as fuel tax reduction rates were scaled back in the second half of the year.
 - Fuel tax flexible rate changes (KRW/ℓ): (Jan 2023-Jun 2024) Gasoline 396.7, Diesel 238 → (Jul-Oct 2024) Gasoline 423, Diesel 263 → (Nov-Dec 2024) Gasoline 450, Diesel 289
 - Customs duties revenue (KRW 7.0T) decreased by KRW 0.3T (-4.3%) compared to 2023 (KRW 7.3T), attributable to the expanded quota tariff for price stabilization.
 - No. of quota tariff items: (2022) 119 → (2023) 117 → (2024) 138
- **Regarding asset-related tax, securities transaction tax revenue decreased owing to reduced trading volume and tax rate cuts, while comprehensive real estate tax revenue also declined due to the sluggish real estate market.**
 - Securities transaction tax revenue (KRW 4.8T) dropped by KRW 1.3T (-21.7%) compared to 2023 (KRW 6.1T) as securities trading volume plummeted, particularly in the KOSDAQ market, and the tax rate on listed stocks was reduced by 0.02 percentage points.
 - KOSDAQ trading volume: (2023) KRW 2,456T → (2024) KRW 2,048T (-16.6%)
 - Comprehensive real estate tax revenue (KRW 4.2T) decreased by KRW 0.4T (-9.0%) compared to 2023 (KRW 4.6T), partly attributable to low growth in official property prices and tax burden reduction from the 2023 tax act amendments*.

*Increased basic deduction amount for the housing portion of comprehensive real estate tax, and reduced tax rates, among others.