

Abstract

The Amended Value Added Tax Issues and  
Improvement Measures Related to  
Copyright Trust Management  
-Focusing on the Case of Music Copyright Trust Management-

Soo Jin Park\*•PARK, HA-YOUNG\*\*

Korea's *Value Added Tax Act* had treated the supply of goods or services related to trust property in a manner similar to consignment transactions, without explicit statutory provisions. In 2020, the amended *Value Added Tax Act* (Act No. 17653, dated December 22, 2020, partially amended, enforced from January 1, 2022) designated the trustee as a taxpayer and established specific regulations aimed at preventing tax avoidance and securing tax claims related to trusts.

The amended *Value Added Tax Act* primarily focused on real estate trusts and money trusts, giving insufficient attention to copyright trusts, which are mainly used for the management and utilization of copyrights.

When examining the issues arising from the amended *Value Added Tax Act*, focusing on the case of music copyright trust management organizations, first, Copyright trust management organizations are expected to bear a significant amount of tax compliance costs in carrying out business registration obligations for trust property belonging to trusts established after January 1, 2022. Next, in accordance with Article 5 of the supplementary provisions of the amended *Value Added Tax Act*, a situation may arise in which consignor taxation and trustee taxation are applied

---

\* Korea Institute of Public Finance, Ph. D. in Taxation

\*\* Korea Institute of Public Finance, Certified Tax Accountant

simultaneously for a considerable period of time, which may undermine the original purpose of introducing the copyright trust, which is to effectively manage and utilize copyright for copyright holders and users. Finally, when applying the consignor's taxation regulations in cases where the consignor is unknown, *Value Added Tax Act* does not specify otherwise. Furthermore, within the trustee's taxation regulations, there are no regulations addressing the application of Value Added Tax exemption on copyright fees.

As recommendations for addressing the Value Added Tax issues surrounding copyright trust management, the following are proposed. First, the regulations on the registration of trust property comprehensive businesses allowed for real estate collateral trusts of trust companies should be allowed for copyright trust management organizations approved by the Minister of Culture, Sports and Tourism under Article 105 of *Copyright Act*. Next, when applying Article 5 of the Supplementary Provisions to the revised Value Added Tax Act, copyright trust management organizations must be allowed to selectively exclude application. Finally, in consideration of the characteristics of copyright trusts, a value-added tax practice in the form of consignment trading centered on copyright trust management organizations should be prepared.

This study is meaningful in that it presents issues and improvement measures in VAT practice related to intellectual property rights not addressed in the VAT area, especially copyright trust management systems using copyright as trust property.

### Keywords

Collective Management Organization, copyright trust management, trustee taxation principles, Value Added Tax, Consignment sales