

ACT ON THE FOSTERING OF SELF-EMPLOYED CREATIVE ENTERPRISES

Act No. 10531, Apr. 4, 2011

Amended by Act No. 11657, Mar. 22, 2013

Act No. 13148, Feb. 3, 2015

Act No. 14122, Mar. 29, 2016

Article 1 (Purpose)

The purpose of this Act is to contribute to the growth of the national economy by fostering self-employed creative enterprises through the promotion of the establishment of self-employed creative enterprises by the people who have creativity and specialty and through the creation of the foundation for the growth thereof.

Article 2 (Definitions)

The term "self-employed creative enterprise" in this Act means a person or a joint business entity comprised of fewer than five people that has creativity and specialty, who conducts business without employing regular workers (excluding a person who operates a type of business prescribed by Presidential Decree, such as real estate business). *<Amended by Act No. 11657, Mar. 22, 2013; Act No. 13148, Feb. 3, 2015>*

Article 3 (Special Cases concerning Recognition of Self-Employed Creative Enterprises)

Where a self-employed creative enterprise no longer remains a self-employed creative enterprise by reason of the expansion of its size, notwithstanding Article 2, it shall be deemed a self-employed creative enterprise for three years from the year following the year when such reason arises: Provided, That this shall not apply where it merges with an enterprise other than a self-employed creative enterprise or no longer remains a self-employed creative enterprise for other grounds prescribed by Presidential Decree.

Article 4 (Relationship to Other Acts)

Except as otherwise provided for in other Acts, this Act shall apply to the fostering of self-employed creative enterprises.

Article 5 (Formulation, etc. of Plans for Fostering Self-Employed Creative Enterprises)

(1) The SME Minister of the Small and Medium Business Administration (SMBA) shall formulate and execute a plan for the fostering of self-employed creative enterprises (hereinafter referred to as "plan for fostering") every three years in consultation with the heads of the central administrative agencies concerned, such as the Minister of Culture, Sports and Tourism, etc. to foster self-employed creative enterprises.

(2) A plan for fostering shall include the following matters:

1. Basic direction-setting for policies for the fostering of self-employed creative enterprises;
2. Matters concerning support of startup of self-employed creative enterprises;
3. Matters concerning creating the foundation for self-employed creative enterprises;
4. Matters concerning statistical surveys and management related to self-employed creative enterprises;
5. Other matters necessary for the fostering of self-employed creative enterprises.

(3) If necessary for the formulation and execution of a plan for fostering, the SME Minister of the SMBA may request the heads of the central administrative agencies concerned and institutions or organizations related to the fostering of self-employed creative enterprises to submit materials or state opinions. In such cases, the heads of the central administrative agencies concerned, etc. requested to submit materials or state their opinions shall comply therewith, unless extenuating circumstances exist.

Article 6 (Research on Actual Conditions)

(1) In order to foster self-employed creative enterprises systematically and formulate and promote a plan for fostering efficiently, the SME Minister of the SMBA shall conduct research on the current status of activities and the actual conditions of self-employed creative enterprises every year and publish the result thereof.

(2) If necessary to conduct research on the actual conditions under paragraph (1), the SME Minister of the SMBA may request public institutions under the Act on the Management of Public Institutions, self-employed creative enterprises, or related organizations to submit materials or state their opinions. In such cases, public institutions, etc. requested to submit materials or state opinions shall comply therewith, unless extenuating circumstances exist.

Article 7 (Establishment and Operation of Integrated Management System)

The SME Minister of the SMBA may establish and operate an integrated management system to comprehensively manage information related to self-employed creative enterprises, to establish the foundation for cooperation among self-employed creative enterprises, and to provide information useful to activities of self-employed creative enterprises.

Article 8 (Designation, etc. of Support Centers for Self-Employed Creative Enterprises)

(1) The Government may designate an institution or organization which has specialized human resources and facilities necessary to support self-employed creative enterprises and those who intend to start a self-employed creative enterprise as a support center for self-employed creative enterprises (hereinafter referred to as "support center").

(2) A support center shall perform the following services:

1. Provision of workspace and conference rooms to self-employed creative enterprises;
2. Consultation with self-employed creative enterprises about management, legal affairs, taxation matters, etc.;
3. Other services entrusted by the SME Minister of the Small and Medium Business Administration.

(3) The Government may bear all or some of expenses incurred in the performance of services under the subparagraphs of paragraph (2) to support centers designated pursuant to paragraph (1) within the budget.

(4) Where a support center falls under any of the following, the Government may cancel its designation or suspend its business affairs wholly or partially for a fixed period not exceeding six months: Provided, That where it falls under subparagraph 1, the Government shall cancel its designation:

1. Where it is designated by fraud or other improper means;
2. Where it conducts business affairs in violation of matters designated;
3. Where it fails to meet the standards for designation under paragraph (5).

(5) Matters necessary for designation, standards and procedures for the cancellation of designation, and the operation of a support center shall be prescribed by Presidential Decree.

Article 9 (Support for Transactions of Knowledge Services)

(1) The SME Minister of the SMBA may conduct business to support self-employed creative enterprises that provide knowledge services, those who are provided with knowledge services by self-employed creative enterprises, etc. to facilitate transactions of knowledge services between self-employed creative enterprises. *<Amended by Act No. 11657, Mar. 22, 2013>*

(2) Necessary matters concerning business eligible for support, methods, etc. of support under paragraph (1) shall be prescribed by Presidential Decree.

Article 10 (Support for Education and Training)

(1) The Government may support education and training in strengthening the specialty and competence of self-employed creative enterprises and those who intend to start a self-employed creative enterprise.

(2) The Government may entrust a government-designated institution or organization, which is a corporation that has human resources and facilities, etc. prescribed by Presidential Decree (hereinafter referred to as "educational institution") with business affairs concerning education and training under paragraph (1).

(3) The Government may bear all or some of expenses incurred in conducting business by educational institutions entrusted with business affairs concerning education and training pursuant to paragraph (2), as prescribed by Presidential Decree.

(4) Where an educational institution fails to conduct business affairs concerning education and training under paragraph (1) conscientiously or fails to meet the standards for designation under paragraph (5), the Government may suspend business affairs wholly or partially for a fixed period not exceeding six months.

(5) Matters necessary for designation, standards and procedures for the cancellation of designation, etc. of an educational institution shall be prescribed by Presidential Decree.

Article 11 (Support for Technological Development)

(1) The SME Minister of the SMBA may provide the following support for self-employed creative enterprises that have an excellent idea and technological capability: *<Amended by Act No. 11657, Mar. 22, 2013>*

1. Single or joint technological development of self-employed creative enterprises;
2. Joint technological development of self-employed creative enterprises in collaboration with small and medium enterprises under the Framework Act on Small and Medium Enterprises;
3. Other matters necessary for promoting technological development of self-employed creative enterprises.

(2) Matters necessary for procedures for and the extent of support under paragraph (1) shall be prescribed by Presidential Decree.

Article 12 (Support for Commercialization of Ideas)

(1) The Government may select self-employed creative enterprises that have an idea with a high possibility of success in commercialization and support them in their commercialization of such idea.

(2) Where a self-employed creative enterprise selected as an enterprise eligible for support in the commercialization of an idea pursuant to paragraph (1) falls under any of the following, the Government may cancel the selection thereof: Provided, That in the case of subparagraph 1, the Government shall cancel its selection: *<Amended by Act No. 13148, Feb. 3, 2015>*

1. Where the self-employed creative enterprise selected has been selected by fraud or other improper means, such as stealing the idea;
2. Where the self-employed creative enterprise selected has relinquished the commercialization of the idea;
3. Where it is impracticable for the self-employed creative enterprise selected to obtain the result anticipated at the beginning because the commercialization is delayed due to a reason imputable to it or it is deemed incapable of accomplishing the commercialization;
4. Where it is impossible for the self-employed creative enterprise selected to continuously perform the commercialization due to reasons, such as insolvency or the closure of its business, or it is deemed unnecessary for such enterprise to continuously perform the commercialization.

(3) Necessary matters concerning criteria and procedures for selection under paragraph (1), procedures for the cancellation of selection under paragraph (2), and the extent of support, etc. shall be prescribed by Presidential Decree. *<Amended by Act No. 13148, Feb. 3, 2015>*

Article 13 (Support for Overseas Expansion)

In order to promote the expansion of self-employed creative enterprises into overseas markets, the Government may support activities, such as the international exchange of related technologies and human resources, participation in international events, etc.

Article 14 (Public Relations, etc.)

The Government may push for the following activities to raise people's awareness about self-employed creative enterprises and foster self-employed creative enterprises:

1. Finding, rewarding and publicizing successful cases of self-employed creative enterprises;
2. Holding forums and seminars to vitalize self-employed creative enterprises;

3. Other activities announced publicly as shall be deemed necessary by the SME Minister of the Small and Medium Business Administration.

Article 15 (Financial Support)

(1) The Government may loan or invest necessary funds to or in self-employed creative enterprises and provide other necessary support. <Newly Inserted by Act No. 11657, Mar. 22, 2013>

(2) The Government may have the Credit Guarantee Fund under the Credit Guarantee Fund Act, the Korea Technology Finance Corporation under the Korea Technology Finance Corporation Act, and credit guarantee foundations established pursuant to Article 9 of the Regional Credit Guarantee Foundation Act establish and operate a guarantee system intended for self-employed creative enterprises to facilitate financing for the establishment of self-employed creative enterprises and their activities. <Amended by Act No. 11657, Mar. 22, 2013; Act No. 14122, Mar. 29, 2016>

Article 16 (Designation, etc. of Institutions Solely in Charge)

(1) The SME Minister of the SMBA may designate an institution solely in charge of business affairs on self-employed creative enterprises (hereinafter referred to as "institution solely in charge") to effectively perform policies on the fostering of self-employed creative enterprises.

(2) The Government may bear some of the expenses incurred in the operation of an institution solely in charge within the budget.

(3) No institutions, other than institutions solely in charge that are designated pursuant to paragraph (1), shall use any similar name.

(4) Matters necessary for designation, operation, etc. of an institution solely in charge shall be prescribed by Presidential Decree.

Article 17 (Special Cases concerning Taxes)

The State and a local government may grant tax reductions or exemptions to self-employed creative enterprises, including income tax, corporate tax, acquisition tax, property tax and registration and license tax, as prescribed by the Restriction of Special Taxation Act, the Restriction of Special Local Taxation Act and other Acts related to taxes, in order to foster self-employed creative enterprises.

Article 18 (Special Cases concerning the Food Industry Promotion Act)

Notwithstanding Article 22 of the Food Industry Promotion Act, the relaxed standards for quality certification of traditional food applicable to self-employed creative enterprises manufacturing traditional food under subparagraph 4 of Article 2 of the same Act may be established specially, as prescribed by Presidential Decree.

Article 19 (Report and Examination)

(1) Where the Government deems it necessary for supervision, it may request a support center to make a report or submit materials on its business affairs and property, or have a public official belonging thereto take necessary measures, such as causing him/her to access the actual site or examine documents, etc.

(2) Where the SME Minister of the SMBA deems it necessary for supervision, he/she may request an institution solely in charge to make a report or submit materials on its business affairs and property, or

have a public official under his/her jurisdiction take necessary measures, such as causing him/her to access the actual site or examine documents, etc.

(3) A person who has access or makes an examination pursuant to paragraphs (1) and (2) shall carry an identification card showing his/her authority and present it to interested persons.

Article 20 (Hearings)

Where the Government intends to make a disposition falling under any of the following subparagraphs, it shall hold a hearing:

1. The cancellation of designation and the suspension of business affairs of a support center under Article 8 (4);
2. The cancellation of designation and the suspension of business affairs of an educational institution under Article 10 (4);
3. The cancellation of selection of business eligible for support in the commercialization of an idea of a self-employed creative enterprise under Article 12 (2).

Article 21 (Delegation or Entrustment of Authority, etc.)

(1) Part of the authority of the head of a central administrative agency vested under this Act may be delegated to the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Special Self-Governing City Mayor, a Do Governor, the Governor of a Special Self-Governing Province, or the head of a Si/Gun/Gu (the head of a Gu means the head of an autonomous Gu), as prescribed by Presidential Decree. *<Amended by Act No. 13148, Feb. 3, 2015>*

(2) The head of a central administrative agency may entrust part of his/her business affairs under this Act to an institution solely in charge, etc., as prescribed by Presidential Decree.

Article 22 (Legal Fiction as Public Official in Application of Penalty Provisions)

Executive officers and employees of an institution solely in charge, etc. engaged in business affairs entrusted by the head of a central administrative agency pursuant to Article 21 shall be deemed public officials when the penalty provisions under Articles 129 through 132 of the Criminal Act are applied.

Article 23 (Administrative Fines)

(1) An administrative fine not exceeding one million won shall be imposed on a person who uses any similar name, in violation of Article 16 (3).

(2) The SME Minister of the SMBA shall impose and collect administrative fines under paragraph (1).

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 (Transitional Measures)

(1) An institution or organization which conducts business affairs of a support center for self-employed creative enterprises after being entrusted therewith by the SME Minister of the SMBA as at the time this Act enters into force shall be deemed a support center for self-employed creative enterprises

designated under this Act.

(2) An institution or organization which conducts business affairs concerning education and training after being entrusted therewith by the SME Minister of the SMBA as at the time this Act enters into force shall be deemed an educational institution designated according to this Act.

ADDENDUM <Act No. 11657, Mar. 22, 2013>

This Act shall enter into force six months after the date of its promulgation.

ADDENDUM <Act No. 13148, Feb. 3, 2015>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 14122, Mar. 29, 2016>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

