

## Member Spotlight: Kook Hee Lee

## Up close and personal: why Kook Hee Lee is the 'go to' guy in Korea



CPA Kook Hee Lee of Samhwa Accounting in Korea studied economics at Seoul National University (SNU) ranking No. 1 in Korea and continued study in business management at SungKyunGwan University and Ph.D. was awarded to him at Hongik University with thesis, "A Study of the Permanent Establishment Concept as Applied to International Taxation"

Lee practiced CPA for over 30 years after working for two public and private companies. Lee is specialized international tax services and so, worked for Anjin Accounting (member of Ernst & Whinney) as international tax partner in beginning of 1980s and for Samhwa Accounting (member of Moore Global) during 2000-2020

During these days Lee contributed himself to enhancing greatly the benefits of the leading US companies and many other middle and small sized foreign companies from the US, Western Europe, Asia and Middle East.

**Then how could Kook Hee Lee provide such brilliantly fruitful service for foreign companies?**

Lee has been forming Company Formation, Accounting, and Tax Service a TRINITY among numerous kinds of services that he is providing. That is, combination of these three core factors brought forth fruitful result consistently and reciprocally.

Firstly in forming the company Lee made it a customary practice to (1) communicate with potential clients, regarding business plans of the Korean companies, business activities for attaining the business goal, and suitable tax strategy and (2) present them on legal documents for curt registration of the company formation and for Tax ID application for preventing any tax dispute afterwards.

Lee says it goes without saying that foreign clients are trying to search for faithful and competent CPA firms, and the potential clients can have confidence in him that they can be benefited from his services through the communications. That was why Lee could win new clients by 75% in average.

Second in Accounting Service we focus our attention on fair presentation of financial position and operating result on the financial report through thorough examination of accounting supporting data and reasonable account classification together with making NOTES of specific or unusual accounting transactions, if any, for attracting attention of the management. At the same time, we provide managerial accounting information for the managements to utilize them in the business growth and enhancing operating result.

Third, in tax service we make thorough review of respective vouchers and supporting documents from the respect of their influence on taxation and preventing future tax disputes. At the same time, we strictly observe income tax withholding liability on payroll and other service fees and

filing VAT and Income tax return fairly and clearly. Besides, Lee advised the clients to maintain a minimum level of taxable income expected by NTS. NTS makes it a rule to take tax examination once every three years. But in case meeting with aforesaid requirements NTS does not take tax examination even passing over three years Lee stresses that there was no tax examination among any of his foreign clients for over 30 years by the preventive measures as mentioned in the above

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**Then, let's see how Lee practiced CPA career:**

Lee started his career in working for the Korea Electric Power Company on budget and cost control and established Standard Cost Accounting System for the whole business operation. This system was essential in cost control of the company. Lee says, "While I was with the company, I obtained my CPA accreditation"

Secondly Lee worked for Honam Oil Refinery Co. a joint venture with Caltex, as an internal auditor. Through this function Lee learned how internal audit improves the business operation of the companies

Following his stint for a few years at a local accounting firm, Lee joined Anjin Accounting, a member of E & W, as international tax partner. During 1980s Lee learned international taxation thanks to positive and willingly support by Ministry of Finance (MOF) and NTS and it proved

invaluable for his career, consulting on large contracts with customers such as Coca Cola, Reebok International, and Reynolds Tobacco, to name a few.

(1) Lee recalls: "One big US computer company, Seagate Technology, had business plan to set up a Korean subsidiary hiring 4,000 workers. So, I contacted MOF for obtaining approval of their investment and got their venture signed off by the Minister together with a five-year tax holiday. The CEO and CFO of Seagate were delighted that I'd been able to do that for them and so quickly".

(2) Lee helped Reebok International importing shoes from Korea: "Reebok was a big business partner of South Korea in 1980s, with export value of \$3 billion, one tenth of the whole export in those days. Lee withheld payroll income tax of its expatriates for 1.5 years by explaining the reason for withholding tax to the Director who was ignorant of the tax liability.

Besides, Lee participated in the joint study with two leading international law firms on forming a business entity favourable both to Korea and US of Reebok. The study continued over three months "I worked really hard on that account, submitting four-five pages every two-three days, working till 4 O'clock in the morning on a typewriter, as there were no computers. After a few months the Law firm advised an idea to set up a Korean subsidiary for exempting expatriates' payroll income tax. The director of Reebok who was so much encouraged with the idea that he could not notice Lee's mail denying the applicability of the idea.

Lee was embarrassed to see the disappointment of the director upon his finding uselessness of the advice at joint meeting with the Law firm. The director said to Lee "How can I give my thanks to you for the right advice. If not, I shall have to waste valuable time unlimitedly

(3) Lee has set up a 100%-owned Korean subsidiary of Reynolds Tobacco for the first-time allowing distribution of foreign tobacco in Korea. Regardless of a law firm's denial of Lee's advice allowing foreign investment in tobacco sales in Korea the Legal Counsel and a few managements flew to Korea from UK and supported Lee in forming its Korean subsidiary. It goes without saying how much they were satisfied with and appreciated Lee's correct information and service

(4) Coca Cola Korea was another example: "At 1998 Olympic Games in Korea many companies paid large sums of money to IOC for promoting successful Games and Coca Cola was one of them. NTS said it was going to decline their donation because of perceived irregularities "Lee eventually succeeded in persuading in-charge director that it was a perfectly legal donation.

Coca Cola was so much delighted and asked Lee advices afterwards on tax and business-related legal issues for longer than five years even after leaving Ernst & Whinney in 1990s.

Lee moved on again to Samhwa Accounting in middle of 1990s, arranged correspondent firm of Moore Stephens in 1998 and changed its status as a member firm in 2000 and worked as international tax partner. During 2002 -2012 Lee set up numerous foreign companies mostly from the US and partly from Europe, Asia and Middle East and provided outsourcing services covering accounting, payroll and tax, and provided consulting on international taxation for member firms of Moore Stephens and their world-wide clients .

(5) Lee set up Korean subsidiary of Novo Nordisk, a famous Denmark pharmaceutical company producing medicine for diabetes and having world market share by 40% and provided accounting and tax advices. But the subsidiary was taken tax examination on Transfer Pricing, most dreadful to the taxpayers. But the examination was closed shortly in two weeks earlier than the planned period of one month and without paying tax even a Penny based on fair accounting records and maintaining a certain level of taxable income supported by Lee's advices. Lee says It is not forgettable that the Australian president of Korean subsidiary at that time was so much excited with the unexpected satisfactory result of TP examination

Lee says he has had many other interesting stories contributed himself to enhancing the benefits of foreign clients

**"I am also joining AmCham, German, Finnish, and Israeli chamber of commerce in Korea for increasing more referral opportunities."**

**Then how did Lee lead a successful CPA carrier?**

Lee has had great experiences and knowledge in this trinity professional field.

In short, Lee could have achieved brilliant and successful CPA career based on (a) his excellent professional expertise, (b) support of university alumni, (c) freely contacting with, and willingly support by, the Government officials, and (d) personal talent to make close friends with strangers meeting in proceeding his tasks (given by grace of God in his understanding)

Lee also is enthusiastic in (1) studying world history, Korean, Chinese, Japanese, USA, UK, German history and some of Middle East countries and (2) reading diverse materials in order to be accustomed to changing trends of world economy and politics as well as science and technology, the basis of the 4th Industrial Revolution. Samhwa Accounting is ranking No.10 in Korea and now growing by about 20% per year, which I'm very proud about."

"I am also joining AmCham, German, Finnish, and Israeli chamber of commerce in Korea for increasing more referral opportunities. Elsewhere, until 2020 Lee was attending conferences across the globe as part of his ifa membership network and Moore Stephens. These have taken Lee to countries as far apart as the USA, Japan, Denmark, Italy, UK, Germany, Australia, South Africa, Argentina and other countries "I love travelling and my wife always comes along. She is a well-known opera singer among the members of Moore Global. In Argentina, for example, she even sang at the Gala Dinner following the world conference in September 2012 responding to the request by the Conference President. it was a great success."

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Lee and his wife wish to attend world conference of IR Global in October 2021. but worry if it would be possible because of COVID 19.



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IR Global's exclusive Company Formations and Tax (Accountants) member in South Korea

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Samhwa Accounting was organized in March 1997 with its key members who had been practicing diverse fields of their professions at BIG 4. The Firm comprises over 120 CPAs and similar number of supporting staffs now and its ranking is No. 10 in Korea excluding BIG 4. Samhwa has been a member of Moore Global since 2000, which has 110 member countries worldwide.