



## News Release

Contact: [secretariat@wfdb.com](mailto:secretariat@wfdb.com)

# South Korea Abolishes Diamond Tax Following Appeals By Korea Diamond Exchange

## WFDB praises bourse's efforts as government simplifies tax regime for diamonds

*Antwerp, Belgium – February 5, 2019:* World Federation of Diamond Bourses (WFDB) President Ernie Blom has praised the work of the WFDB-affiliated Korea Diamond Exchange in persuading the government to abolish a high diamond tax instituted more than four decades ago. Following five years of talks and intensive work by the Korea Diamond Exchange (KDE), the South Korean government in December abolished a 26% Individual Consumption Tax on imported polished diamonds that dates back to 1976, said bourse Chairman Nam Chang-Soo.

"Now, South Korean diamond importers will have a simplified tax regime: a 5% import tax and 10% Value Added Tax, said Nam Chang-Soo. "We hope that the abolition of the ICT and simplified taxes will have a very positive effect on diamond jewelry sales in South Korea. I believe that we will see a big increase in sales of polished diamonds and of diamond jewelry," he said, adding that annual sales of polished diamonds in South Korea amount to around \$2.5 billion, while diamond jewelry sales are in the order of \$5 billion per year.

"Together with the WFDB, we aim to build improved business practices and to show diamonds in a positive way to consumers in South Korea. The ICT restricted the domestic jewelry industry's growth and competitiveness globally. The abolition of ICT will boost the growth of the jewelry industry locally and worldwide. It has not only opened the door for members of the local jewelry industry, but also for foreign diamond manufacturers and dealers to establish a foothold in the market.

"I am also confident that this amendment in tax structure will lead to increased tax revenue from higher official imports of diamonds and will curb underground business. This will also lead to the revitalization of the jewelry industry and finished diamond and precious stone-set jewelry with competitive prices for global markets. I believe this will also will lead to increased consumption of loose diamonds in the country and create higher demand for diamonds in the country."

WFDB President Blom said: "It is always encouraging to see governments abolishing taxes, which only serve to restrict sales, and to make tax regimes simple and logical. I congratulate the KDE and its Chairman Nam Chang-Soo for their hard work and persistence over the past five years in putting the case to their government. The South Korean people love diamonds, and I believe this tax change will expand sales and encourage foreign companies to become involved in the world's eighth-largest

economy. I encourage our bourse members around the world working under high taxation to approach their respective governments to work to bring down tax rates."



WFDB President Ernie Blom.

### **ABOUT THE WFDB:**

The World Federation of Diamond Bourses has 30 affiliated bourse members and exists to protect the interests of affiliated bourses and their individual members, and also to further the amicable settlement or arbitration of disputes between individual members of the affiliated bourses and/or between affiliated bourses. The WFDB participates in the promotion of world trade and encourages the establishment of new diamond bourses.

Members of affiliated bourses pledge to uphold the traditions, principles of mutual trust, consideration and friendship which prevail among the members of the bourses world-wide. They also pledge themselves to abide by and hand down these principles and to ensure that they will forever serve as a basis in business relations between members of affiliated bourses.