

# ACT ON THE PROMOTION OF TECHNOLOGY INNOVATION OF SMALL AND MEDIUM ENTERPRISES

Act No. 6482, May 24, 2001  
Amended by Act No. 7219, Sep. 23, 2004  
Act No. 7753, Dec. 23, 2005  
Act No. 7949, Apr. 28, 2006  
Act No. 8361, Apr. 11, 2007  
Act No. 8387, Apr. 27, 2007  
Act No. 8604, Aug. 3, 2007  
Act No. 8852, Feb. 29, 2008  
Act No. 9378, Jan. 30, 2009  
Act No. 9685, May 21, 2009  
Act No. 10220, Mar. 31, 2010  
Act No. 10597, Apr. 14, 2011  
Act No. 11538, Dec. 11, 2012  
Act No. 11690, Mar. 23, 2013  
Act No. 11713, Mar. 23, 2013  
Act No. 12006, Aug. 6, 2013  
Act No. 13093, Jan. 28, 2015

## **Article 1 (Purpose)**

The purpose of this Act is to contribute to the development of the national economy through the strengthening of the technological competitiveness of small and medium enterprises by expanding infrastructure to promote technological innovation of small and medium enterprises and establishing and implementing policies related thereto.

## **Article 2 (Definitions)**

The definitions of terms used in this Act shall be as follows: *<Amended by Act No. 13093, Jan. 28, 2015>*

1. The term "small and medium enterprise" means a small and medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises;
2. The term "small and medium entrepreneur" means a person who operates a small and medium enterprise. In such cases, small and medium entrepreneurs shall include persons preparing a business

startup defined in subparagraph 1 of Article 2 of the Support for Small and Medium Enterprise Establishment Act;

3. The term "technological innovation" means developing new technology or improving important parts of technology currently being utilized to improve business management and productivity;

3-2. The term "technological innovation-oriented small and medium enterprise" means small and medium enterprises that are selected by the Administrator of the Small and Medium Business Administration pursuant to Article 15 and are capable of securing technological competitiveness or has growth potential through technological innovation activities;

4. The term "public institution" means a public institution defined in subparagraph 2 of Article 2 of the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of their Markets.

### **Article 3 (Duties of Government, etc.)**

(1) The Government shall formulate and implement policies necessary to promote technological innovation of small and medium enterprises.

(2) Each local government may formulate and implement policies to promote technological innovation of small and medium enterprises in its jurisdiction, in consideration of characteristics of the relevant jurisdiction in accordance with the policies under paragraph (1).

(3) Each public research institution shall proactively endeavor to promote technological innovation of small and medium enterprises.

### **Article 4 (Relationship with other Acts)**

Unless otherwise expressly provided for in other Acts, the promotion of technological innovation of small and medium enterprises shall be governed by this Act.

### **Article 5 (Formulation of Plans to Promote Technological Innovation of Small and Medium Enterprises)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration shall formulate a plan to promote technological innovation of small and medium enterprises (hereinafter referred to as "promotion plan") on a five-year basis according to a plan for industrial technology innovation formulated under Article 5 of the Industrial Technology Innovation Promotion Act.

(2) A promotion plan shall contain the following:

1. Matters concerning the objectives of policies to promote technological innovation of small and medium enterprises and basic direction-setting therefor;

2. Matters concerning the improvement of systems to promote technological innovation, such as feasibility studies on technological innovation projects;

3. Matters concerning the protection of the outcomes of technological innovation of small and medium enterprises and the promotion of the commercialization thereof;

4. Matters concerning cooperation among small and medium enterprises and academic-industrial cooperation, etc. to promote technological innovation;
5. Matters concerning the nurturing, utilization, and education of technical human resources of small and medium enterprises;
6. Matters concerning technical evaluations and financing for technology;
7. Matters concerning the formulation, etc. of a plan for supporting technological innovation of small and medium enterprises under Article 13;
8. Other matters necessary to promote technological innovation of small and medium enterprises.

(3) When the Administrator of the Small and Medium Business Administration formulates a promotion plan, he/she shall submit it for deliberation by the National Science and Technology Council under Article 9 of the Framework Act on Science and Technology. *<Amended by Act No. 11713, Mar. 23, 2013>*

(4) To formulate a promotion plan, the Administrator of the Small and Medium Business Administration may request relevant data from the head of a central administrative agency implementing a technological innovation support project pursuant to Article 13 (hereinafter referred to as "relevant central administrative agency"), the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor, or the Governor of a Special Self-Governing Province (hereinafter referred to as "Mayor/Do Governor"), and the head of an institution or organization related to technical support for small and medium enterprises.

(5) Matters necessary for the formulation and promotion of a promotion plan shall be prescribed by Presidential Decree.

#### **Article 6 (Promotion Committee of Technological Innovation of Small and Medium Enterprises)**

(1) To deliberate on and arbitrate in matters concerning the promotion of technological innovation of small and medium enterprises, a promotion committee of technological innovation of small and medium enterprises (hereinafter referred to as the "Technological Innovation Promotion Committee") shall be established under the Small and Medium Business Administration.

(2) The Technological Innovation Promotion Committee shall deliberate on the following matters. In such cases, it shall report the result of deliberation to the Minister of Trade, Industry and Energy: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Matters concerning the formulation of a promotion plan;
2. Matters concerning the formulation and implementation of a plan for supporting technological innovation of small and medium enterprises under Article 13;
3. Matters requested for deliberation by the head of an implementing agency under Article 13 (1) to promote technological innovation of small and medium enterprises;
4. Matters prescribed by Presidential Decree, which are important for promoting technological innovation of small and medium enterprises.

(3) The Technological Innovation Promotion Committee shall be comprised of at least 20, but not more than 30 members, including one chairperson; such members shall consist of government members who are

public officials at the level of director belonging to the relevant central administrative agencies and the Small and Medium Business Administration and civil members appointed by the Administrator of the Small and Medium Business Administration from among persons at the level of executive officer of any public implementing agency under Article 13 (1) and those who have abundant knowledge and experience relating to technologies of small and medium enterprises.

(4) The chairperson shall be elected by mutual vote from among civil members.

(5) Matters necessary for the composition, operation, etc. of the Technological Innovation Promotion Committee shall be prescribed by Presidential Decree.

#### **Article 7 (Designation of Institutions Specialized in Technology Promotion of Small and Medium Enterprises)**

(1) To efficiently support projects for supporting the promotion of technological innovation under Article 9, the Administrator of the Small and Medium Business Administration may designate an institution specialized in the technology promotion of small and medium enterprises (hereinafter referred to as "institution specialized in technology promotion"). In such cases, the Administrator of the Small and Medium Business Administration shall first report thereon to the Minister of Trade, Industry and Energy.

*<Amended by Act No. 11690, Mar. 23, 2013>*

(2) An institution specialized in technology promotion shall conduct the following affairs:

1. Demand surveys, research, and planning to promote technological innovation of small and medium enterprises;
2. Evaluations and management of projects to support the promotion of technological innovation under Article 9;
3. Collection of royalties entrusted by the Administrator of the Small and Medium Business Administration pursuant to Article 29, and the use, etc. of such royalties collected.

(3) The Administrator of the Small and Medium Business Administration may subsidize, within budgetary limits, expenses incurred by an institution specialized in technology promotion in conducting affairs under paragraph (2).

(4) Matters necessary for the designation, operation, etc. of an institution specialized in technology promotion shall be prescribed by Presidential Decree.

#### **Article 8 (Compilation of Statistics on Technologies of Small and Medium Enterprises)**

(1) To efficiently formulate and implement a promotion plan, the Administrator of the Small and Medium Business Administration shall compile statistics on technologies of small and medium enterprises (hereinafter referred to as "statistics on technologies").

(2) Statistics on technologies shall include the following:

1. Technological competitiveness and technological levels of small and medium enterprises;
2. Bottleneck technologies and the main causes of weakness related to technologies of small and medium enterprises;

3. Analysis of trends in domestic and overseas technologies;
4. The actual conditions of technical human resources of small and medium enterprises;
5. The actual conditions of testing and examination equipment;
6. Other matters necessary to formulate a promotion plan.

(3) The Statistics Act shall apply mutatis mutandis to the compilation of statistics on technologies.

(4) The Administrator of the Small and Medium Business Administration may partially delegate his/her authority to compile statistics on technologies to the chairperson of the Korea Federation of Small and Medium Business established under the Small and Medium Enterprise Cooperatives Act and the head of an institution specialized in technology promotion within the scope provided for in Article 37 of the Statistics Act, as prescribed by Presidential Decree.

(5) Matters necessary for concerning the scope of subject matter of the compilation of statistics on technologies, technologies to be investigated, etc. shall be prescribed by Presidential Decree.

#### **Article 8-2 (Fact-Finding Surveys and Statistical Surveys of Technological Innovation-Oriented Small and Medium Enterprises)**

(1) To efficiently formulate and implement a promotion plan and discover and foster technological innovation-oriented small and medium enterprises, the Administrator of the Small and Medium Business Administration may annually conduct regular fact-finding surveys on their activities, funds, human resources, management, barriers to growth, use of government support, etc., and may inspect, prepare, analyze or manage statistical data on technological innovation-oriented small and medium enterprises. In such cases, the Statistics Act shall apply mutatis mutandis to the preparation and management of statistical data, except as provided in this Act.

(2) If necessary for fact-finding surveys and statistical surveys under paragraph (1), the Administrator of the Small and Medium Business Administration may request the head of a central administrative agency, the head of a local government or the head of a public institution to provide related data. In such cases, the head of the relevant central administrative agency, etc. so requested shall comply with such request, unless he/she has a compelling reason not to do so.

(3) Matters necessary for the methods, procedures, etc. for the fact-finding surveys and statistical surveys under paragraph (1) shall be prescribed by Presidential Decree.

#### **Article 9 (Projects for Supporting Promotion of Technological Innovation of Small and Medium Enterprises)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration shall perform the following support projects (hereinafter referred to as "projects for supporting the promotion of technological innovation"): <Amended by Act No. 12006, Aug. 6, 2013>

1. Funding necessary for technological innovation;
2. Feasibility studies on projects for technological innovation;

3. Support for technological innovation related to demand;
4. Commercialization of the outcomes of technological innovation;
5. Guidance of management and technology for technological innovation;
6. Fostering technological innovation-oriented small and medium enterprises;
7. Support for certification of foreign standards related to industry, safety, etc. and improving the quality thereof;
8. Projects for supporting the informatization of small and medium enterprises;
9. Projects for supporting academic-industrial cooperation, such as joint technology development projects by industry, academy, and research institutions;
10. Projects for supporting the promotion of technology fusion;
11. Other matters necessary to promote technological innovation.

(2) Where the Administrator of the Small and Medium Business Administration deems it necessary to implement projects for supporting the promotion of technological innovation, he/she shall first consult with the heads of the relevant central administrative agencies.

#### **Article 10 (Contributions to Small and Medium Entrepreneurs Innovating Technologies)**

(1) Where the Administrator of the Small and Medium Business Administration deems it necessary to promote technological innovation of small and medium enterprises, he/she may provide contributions to a technological innovation project performed solely by a small and medium entrepreneur or jointly with another small and medium entrepreneur who has the capability of technological innovation.

(2) Matters necessary for the provision, use, management, etc. of contributions under paragraph (1) shall be prescribed by Presidential Decree.

#### **Article 11 (Contributions to Institutions, etc. Implementing Joint Technological Innovation among Industry, Academy, and Research Institutions)**

(1) To promote technological innovation, etc. of small and medium enterprises, the Administrator of the Small and Medium Business Administration may provide contributions to a project for supporting academic-industrial cooperation performed by the following schools, institutions, or organizations jointly with small and medium entrepreneurs and to technical consulting services provided for small and medium enterprises:

1. Universities, colleges, industrial colleges, junior colleges, or technical colleges under the Higher Education Act;
2. Polytechnic colleges under the Act on the Development of Workplace Skills of Workers;
3. Specific research institutes governed by the Support of Specific Research Institutes Act;
4. Research institutions under Article 8 of the Act on the Establishment, Operation and Fostering of Government-Funded Science and Technology Research Institutes;
5. National or public research institutes;
6. The Small and Medium Business Corporation under Article 68 of the Small and Medium Enterprises Promotion Act;

7. Other corporations or organizations designated by the Administrator of the Small and Medium Business Administration as deemed necessary to promote technological innovation, etc.

(2) Matters necessary for the provision, use, management, etc. of contributions under paragraph (1) shall be prescribed by Presidential Decree.

#### **Article 11-2 (Support for International Technical Cooperation of Small and Medium Enterprises)**

(1) To promote technical cooperation among small and medium enterprises and international organizations or foreign governments, enterprises, universities, research institutes, organizations, etc., the Administrator of the Small and Medium Business Administration may perform the following affairs:

1. Investigation for international technical cooperation of small and medium enterprises;
2. Introduction of technologies and exchange of technologies;
3. Holding international exhibitions or academic conferences;
4. Joint technological development by and among small and medium enterprises and foreign universities, research institutes, organizations, etc.;
5. Such other affairs prescribed by Presidential Decree as necessary to promote international technical cooperation of small and medium enterprises.

(2) The Administrator of the Small and Medium Business Administration may designate institutions which will professionally perform affairs under paragraph (1) and may partially subsidize expenses incurred in performing such affairs.

#### **Article 12 (Feasibility Studies of Projects for Technological Innovation)**

(1) To promote technological innovation of small and medium enterprises and to raise the chances of success, the Administrator of the Small and Medium Business Administration may conduct feasibility studies of projects for technological innovation of small and medium enterprises.

(2) The Administrator of the Small and Medium Business Administration may provide contributions to an institution or organization conducting feasibility studies pursuant to paragraph (1) to cover expenses incurred therein.

(3) Matters necessary for the selection of an institution to conduct feasibility studies under paragraph (1), the fields of feasibility studies, subject matter of feasibility studies, etc. and for the provision, use, management, etc. of contributions under paragraph (2) shall be prescribed by Presidential Decree.

#### **Article 13 (Formulation, etc. of Plans for Supporting Technological Innovation of Small and Medium Enterprises)**

(1) The heads of central administrative agencies and the heads of public institutions under the Act on the Management of Public Institutions whose average budget for research and development for the preceding three years is at least 30 billion won (hereinafter referred to as "implementing agency") shall formulate and implement an annual plan for supporting technological innovation of small and medium enterprises (hereinafter referred to as "plan for supporting technological innovation"). <Amended by Act No. 13093, Jan. 28, 2015>

(2) The head of an implementing agency may select small and medium enterprises to perform a technology innovation project in accordance with the relevant plan for supporting technological innovation, and may provide contributions to or subsidize them to cover all or some of expenses incurred in performing the technology innovation project. In such cases, he/she may prioritize supporting technological innovation-oriented small and medium enterprises under Article 15 and venture businesses under Article 2 of the Act on Special Measures for the Promotion of Venture Businesses.

(3) The Administrator of the Small and Medium Business Administration may request the head of an implementing agency to provide subsidies at least certain percent of the research and development budget of the relevant agency for technological innovation of small and medium enterprises each year. In such cases, the head of the implementing agency so requested shall comply with such request, except in extenuating circumstances. *<Amended by Act No. 12006, Aug. 6, 2013>*

(4) The head of an implementing agency shall notify the Administrator of the Small and Medium Business Administration of its plan for supporting technological innovation in the relevant year and the outcomes of support provided in the preceding year by the deadline prescribed by Presidential Decree each year.

(5) The Administrator of the Small and Medium Business Administration shall put together plans for supporting technological innovation and the outcomes of support referred to in paragraph (4), and report them to the National Science and Technology Council under Article 9 of the Framework Act on Science and Technology after deliberation by the Technological Innovation Promotion Committee. *<Amended by Act No. 11713, Mar. 23, 2013>*

(6) Matters necessary for the formulation and implementation of plans for supporting technological innovation and the computation of research and development budgets under paragraph (1), and subsidy rates, etc. under paragraph (3) shall be prescribed by Presidential Decree. *<Amended by Act No. 13093, Jan. 28, 2015>*

#### **Article 13-2 (Technological Innovation Support Group for Small and Medium Enterprises)**

(1) To support the efficient formulation and implementation of plans for supporting technological innovation, the Administrator of the Small and Medium Business Administration may establish and operate a technological innovation support group for small and medium enterprises (hereinafter referred to as "support group").

(2) The support group shall conduct the following affairs:

1. Prior examination of a plan for supporting technological innovation of an implementing agency;
2. Improvement of the formulation and implementation of a plan for supporting technological innovation;
3. Professional inspection, research and evaluation in relation to a plan for supporting technological innovation;
4. Calculation of subsidy rates from the technological development budget of an implementing agency under Article 13 (3) for technological innovation of small and medium enterprises and the verification of subsidies provided;



5. Support for fact-finding surveys and inspection of implementation under Article 13-3 (1);
  6. Other affairs necessary to support the formulation and implementation of a plan for supporting technological innovation.
- (3) If it is necessary for the support group to efficiently conduct its affairs, the Administrator of the Small and Medium Business Administration may request the head of an implementing agency or the head of an institution specialized in technology promotion to second public officials, executive officers or employees belonging thereto, respectively.
- (4) The Administrator of the Small and Medium Business Administration may fully or partially subsidize expenses incurred in the operation thereof, within budgetary limits.
- (5) Except as otherwise expressly provided in paragraphs (1) through (4), matters necessary for the composition and operation of the support group shall be prescribed by Presidential Decree.

**Article 13-3 (Inspection of Implementation, etc.)**

- (1) To improve the effectiveness of a plan for supporting technological innovation, the Administrator of the Small and Medium Business Administration may conduct a fact-finding survey of projects supporting technological innovation performed by an implementing agency pursuant to Article 13 or inspect whether a plan for supporting technological innovation is implemented. In such cases, the Administrator of the Small and Medium Business Administration may require public officials under his/her jurisdiction to verify data concerning such implementing agency's plan for supporting technological innovation.
- (2) With regard to matters deemed in need of improvement as a result of the fact-finding survey or inspection of implementation conducted under paragraph (1), the Administrator of the Small and Medium Business Administration may recommend the head of the relevant implementing agency to improve such matters.
- (3) The head of an implementing agency, in receipt of a recommendation to make improvements under paragraph (2), shall carry out the recommendation except in extenuating circumstances, and notify the Administrator of the Small and Medium Business Administration of the result thereof within one month after receipt of such recommendation. In such cases, where the head of an implementing agency in receipt of a recommendation to make improvements cannot carry out the recommendation of the Administrator of the Small and Medium Business Administration, he/she shall notify the Administrator of the Small and Medium Business Administration of the reason therefor.

**Article 14 (Support for Commercialization of Outcomes of Technological Innovation)**

- (1) The Administrator of the Small and Medium Business Administration may provide the following support to small and medium entrepreneurs who commercialize the outcomes of technological innovation, etc. pursuant to Article 15 of the Industrial Technology Innovation Promotion Act:
1. Funding for the manufacturing of prototypes and investment in facilities;
  2. Support for testing and analysis for performance tests of products;
  3. Support for the commercialization of technologies transferred to small and medium enterprises from universities, research institutions, etc.;

4. Other matters necessary to promote the commercialization of the outcomes of technological innovation.

(2) Each small and medium entrepreneur who intends to obtain support pursuant to paragraph (1) shall file an application therefor with the Administrator of the Small and Medium Business Administration.

(3) Matters necessary for procedures for support or an application therefor, etc. under paragraphs (1) and (2) shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 15 (Discovering and Fostering Technological Innovation-Oriented Small and Medium Enterprises)**

(1) The Administrator of the Small and Medium Business Administration may promote projects necessary to discover and foster technological innovation-oriented small and medium enterprises (hereinafter referred to as "projects for fostering technological innovation-oriented small and medium enterprises"). *<Amended by Act No. 13093, Jan. 28, 2015>*

(2) Where necessary to support projects for fostering technological innovation-oriented small and medium enterprises, the Administrator of the Small and Medium Business Administration may request support from public institutions. In such cases, the heads of public institutions, in receipt of a request for support, shall take measures for support except in extenuating circumstances.

(3) The Administrator of the Small and Medium Business Administration may provide contributions to an institution or organization that promotes projects for fostering technological innovation-oriented small and medium enterprises to cover all or some expenses incurred therein.

(4) Matters necessary for procedures for selecting and supporting technological innovation-oriented small and medium enterprises shall be prescribed by Presidential Decree.

#### **Article 15-2 (Special Cases concerning Merger Procedures, etc. for Technological Innovation-Oriented Small and Medium Enterprises)**

The provisions of Articles 15-3, 15-8, 15-9, 15-10 and 15-11 of the Act on Special Measures for the Promotion of Venture Businesses shall apply to merger procedures, takeover of business, small-scale merger, short-form merger and short-form transfer of business, respectively, of a technological innovation-oriented small and medium enterprise that is a stock company. In such cases, the term "venture business" shall be construed as "technological innovation-oriented small and medium enterprises."

#### **Article 15-3 (Projects, etc. for Fostering Management Innovation-Oriented Small and Medium Enterprises)**

(1) The Administrator of the Small and Medium Business Administration may promote projects necessary to discover and foster small and medium enterprises which are capable of securing competitiveness or have growth potential through management innovation activities (hereinafter referred to as "management innovation-oriented small and medium enterprises").

(2) "Management innovation" under paragraph (1) means developing new management techniques in terms of means of conducting business, organizational structures, business activities, etc. or improving the

important elements of management techniques in order to raise the competitiveness of enterprises.

(3) Articles 9 (2) and 15 (2) through (4) shall apply mutatis mutandis to projects referred to in paragraph (1).

#### **Article 16 (Managerial and Technical Guidance)**

Matters concerning managerial and technical guidance provided by the Administrator of the Small and Medium Business Administration to strengthen the technical competitiveness of small and medium enterprises shall be governed by the Small and Medium Enterprises Promotion Act.

#### **Article 17 (Support for Certification of Foreign Standards and Quality Improvement)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration may perform the following projects to support the certification of foreign standards related to industries, safety, etc. (hereinafter referred to as "projects for supporting the certification of foreign standards"):

1. Projects for supporting consultation necessary to obtain the certification of foreign standards;
2. Securing and spreading foreign standards;
3. Projects for nurturing experts necessary to obtain the certification of foreign standards.

(2) To improve the quality of products of small and medium enterprises, the Administrator of the Small and Medium Business Administration may conduct the following activities (hereinafter referred to as "quality improvement activities"):

1. Management of a defect rate of products of small and medium enterprises;
2. Activities to nurture experts necessary to improve quality.

(3) Where the Administrator of the Small and Medium Business Administration deems it necessary to perform projects for supporting the certification of foreign standards and quality improvement activities, he/she may provide necessary contributions or subsidies to an institution or organization under Article 29 (2).

(4) Matters necessary for selecting or supporting an implementing agency which performs projects for supporting the certification of foreign standards and quality improvement activities shall be prescribed by Presidential Decree.

#### **Article 17-2 (Quality Certification Based on Defect Rates of Products of Small and Medium Enterprises)**

(1) To promote the quality improvement of products of small and medium enterprises under Article 17 (2), the Administrator of the Small and Medium Business Administration may grant quality certification (hereinafter referred to as "quality certification") based on the defect rate of products of small and medium enterprises.

(2) A small and medium enterprise that intends to obtain quality certification under paragraph (1) shall file an application therefor with the Administrator of the Small and Medium Business Administration.

(3) Where the Administrator of the Small and Medium Business Administration receives an application for quality certification pursuant to paragraph (2), he/she shall examine the factory of a small and medium

enterprise that intends to obtain quality certification, and grant quality certification upon setting the period of validity if it satisfies certification standards.

(4) Where any small and medium enterprise that has obtained quality certification falls under any of the following cases, the Administrator of the Small and Medium Business Administration may revoke the quality certification: Provided, That where it falls under subparagraph 1, he/she shall revoke the quality certification:

1. Where it has obtained certification by deceit or other unjust means;
2. Where it falls short of certification standards.

(5) The Administrator of the Small and Medium Business Administration may collect necessary fees in relation to quality certification from small and medium enterprises that intend to obtain quality certification.

(6) Procedures and expenses for quality certification, certification standards, quality certification marks, designation of agencies to conduct quality certification affairs, the period of validity of quality certification, and other matters concerning quality certification shall be prescribed by Presidential Decree.

#### **Article 17-3 (Support for Improving Manufacturing Environment and Increasing Productivity of Small and Medium Enterprises)**

(1) To promote the influx of human resources into small and medium enterprises and to increase productivity by improving the manufacturing environment of small and medium enterprises, the Administrator of the Small and Medium Business Administration may perform the following projects:

1. Fact-finding surveys to improve a manufacturing environment;
2. Development of facilities or equipment to improve a manufacturing environment;
3. Support for investment in facilities to create a pleasant working environment;
4. Checking, design and improvement of the manufacturing process and development of a new manufacturing process to increase productivity;
5. Other projects deemed necessary by the Administrator of the Small and Medium Business Administration to improve a manufacturing environment and to increase productivity.

(2) Where the Administrator of the Small and Medium Business Administration deems it necessary to perform the projects under paragraph (1), he/she may provide contributions to universities, research institutes, public institutions, or small and medium enterprises, etc. to cover some expenses.

#### **Article 18 (Projects for Supporting Informatization of Small and Medium Enterprises)**

(1) The Administrator of the Small and Medium Business Administration may perform projects for supporting the development of infrastructure for the informatization of small and medium enterprises and the spread and dissemination of information technology necessary for the informatization of small and medium enterprises.

(2) Where the Administrator of the Small and Medium Business Administration deems it necessary to efficiently perform the projects under paragraph (1), he/she may provide contributions to universities, research institutes, public institutions, non-governmental organizations, small and medium enterprises, etc.

to cover expenses incurred therein.

(3) Matters necessary for projects for supporting the development of infrastructure for the informatization of small and medium enterprises and the spread and dissemination of information technology under paragraph (1) shall be prescribed by Presidential Decree.

#### **Article 19 (Projects for Supporting Integrated Informatization Management System of Small and Medium Enterprises)**

(1) To facilitate the establishment of an integrated informatization management system of small and medium enterprises, the Administrator of the Small and Medium Business Administration may perform the following projects (hereinafter referred to as "projects for supporting an integrated informatization management system"):

1. Projects for supporting the development and dissemination of a standard informatization model and compatibility with the standard model;
2. Projects for supporting consultation necessary for an integrated informatization management system of small and medium enterprises;
3. Projects for nurturing experts for an integrated informatization management system of small and medium enterprises.

(2) Matters necessary for the designation of and support for an institution performing projects for supporting an integrated informatization management system shall be prescribed by Presidential Decree.

(3) The Administrator of the Small and Medium Business Administration may provide contributions to an institution performing projects for supporting an integrated informatization management system to cover expenses incurred therein

#### **Article 19-2 (Protection of Outcomes of Technology Innovation)**

(1) The Administrator of Small and Business Administration may pursue support projects necessary to disseminate, proliferate, and form the basis of security technology for the protection of outcomes of technology innovation of small and medium enterprises.

(2) Where the Administrator of Small and Medium Business Administration deems necessary for pursuing projects under paragraph (1), he/she may provide funds or subsidies to colleges, research institutions, public institutions, nongovernmental organizations, small and medium enterprises, etc.

(3) Necessary matters concerning methods and procedures for supporting projects under paragraph (1) shall be prescribed by Presidential Decree.

#### **Article 20 (Korea Technology and Information Promotion Agency for Small and Medium Enterprises)**

(1) The Korea Technology and Information Promotion Agency for Small and Medium Enterprises (hereinafter referred to as the "Technology and Information Promotion Agency") shall be established to efficiently promote technological innovation and informatization management of small and medium enterprises.

(2) The Technology and Information Promotion Agency shall be established with contributions from small and medium enterprises, individuals, or organizations.

(3) The Technology and Information Promotion Agency shall be a corporation and be duly formed when the registration for its incorporation is completed at the registry office having jurisdiction over its principal place of business.

(4) The Technology and Information Promotion Agency shall perform the following projects: *<Amended by Act No. 11538, Dec. 11, 2012>*

1. Development of infrastructure for technological innovation of small and medium enterprises;
- 1-2. Policy research and mid-term and long-term planning for technology innovation of small and medium enterprises;
2. Discovery, survey, and analysis of demand for technological innovation projects of small and medium enterprises;
3. Dissemination and evaluation of information technology related to the promotion of informatization of small and medium enterprises;
4. Support for the development, spread, and dissemination of a standard informatization management model and compatibility with the standard model;
5. Development of infrastructure for the informatization of small and medium enterprises and the evaluation of the level thereof;
6. Education on technological innovation and informatization management of small and medium enterprises and nurturing experts;
7. Other projects entrusted by the head of the relevant central administrative agency.

(5) The Government may provide funds necessary for the establishment and operation of the Technology and Information Promotion Agency within budgetary limits, and the head of each central administrative agency and the head of each local government may require the Technology and Information Promotion Agency to perform projects specified in the subparagraphs of paragraph (4), and provide funds or subsidies for all or some expenses incurred therein. *<Newly Inserted by Act No. 11538, Dec. 11, 2012>*

(6) Public institutions, small and medium entrepreneurs, individuals, or organizations may provide funds necessary to perform projects specified in the subparagraphs of paragraph (4). *<Amended by Act No. 11538, Dec. 11, 2012>*

(7) Except as otherwise expressly provided for in this Act, the provisions on incorporated foundations in the Civil Act shall apply mutatis mutandis to the Technology and Information Promotion Agency. *<Amended by Act No. 11538, Dec. 11, 2012>*

#### **Article 21 (Nurturing Technical Human Resources of Small and Medium Enterprises)**

(1) The Administrator of the Small and Medium Business Administration shall promote a project to nurture technical human resources of small and medium enterprises (hereinafter referred to as "project to nurture technical human resources") necessary for nurturing technical human resources and human resources for informatization of small and medium enterprises pursuant to Article 20 of the Industrial Technology Innovation Promotion Act.

(2) The Administrator of the Small and Medium Business Administration may provide contributions to universities, research institutes, enterprises, organizations, etc. that perform a project to nurture technical human resources to cover expenses incurred therein.

(3) Matters necessary for standards and procedures for selection of an institution promoting a project to nurture technical human resources shall be prescribed by Presidential Decree.

#### **Article 22 (Provision of Information on Technical Support for Small and Medium Enterprises)**

(1) The Administrator of the Small and Medium Business Administration may promote projects necessary to introduce and disseminate technologies related to small and medium enterprises and to computerize information about various technical support for small and medium enterprises so that they may efficiently use such technologies and information.

(2) The Administrator of the Small and Medium Business Administration may request the heads of the relevant agencies to provide related information necessary for the computerization of information under paragraph (1), such as the kinds and scale of, and procedures for application, etc. for, technical support for small and medium enterprises.

(3) If necessary for technical support for small and medium enterprises, the heads of relevant central administrative agencies and Mayors/Do Governors may request the Administrator of the Small and Medium Business Administration to provide information computerized pursuant to paragraphs (1) and (2).

#### **Article 23 (Public Relations Related to Technological Innovation of Small and Medium Enterprises)**

(1) To create a social atmosphere on the importance of technological innovation of small and medium enterprises, the Government may conduct the following public relations activities:

1. Exhibitions and public relations on the outcomes of excellent innovative technologies of small and medium enterprises;
2. Awarding prizes to small and medium enterprises that have excellent innovative technologies and persons who have rendered distinguished services to such innovative technologies;
3. Seminars on technological innovation of small and medium enterprises and presentations of case studies on technological innovation;
4. Other activities officially announced by the Administrator of the Small and Medium Business Administration as deemed necessary.

(2) Matters necessary for methods of and procedures for public relations activities under paragraph (1) shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 24 (Support for Technology Research Council of Small and Medium Enterprises)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration may provide support necessary for small and medium enterprises to conduct joint research by organizing a technology research council of small and medium enterprises (hereinafter referred to as "technology research council") with universities, research institutes, research cooperatives, organizations by type of business, small and medium entrepreneurs providing research and

development services, etc.

(2) Small and medium enterprises that intend to organize a technology research council shall register with the Administrator of the Small and Medium Business Administration.

(3) Matters necessary for the composition and registration of, and support for a technology research council shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 24-2 (Support for Small Groups for Technological Innovation of Small and Medium Enterprises)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration may provide support necessary for a small and medium enterprise to organize and operate a small group for technological innovation, which is a voluntary research organization for technological innovation, jointly with experts, such as professors and researchers.

(2) Matters necessary for procedures for and methods of providing support for a small group for technological innovation under paragraph (1) shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 25 (Support for Testing and Analysis)**

(1) The Administrator of the Small and Medium Business Administration may provide support necessary for testing and analysis for technological innovation, product certification, etc. of small and medium enterprises.

(2) Matters necessary in relation to institutions eligible for support in testing and analysis, and procedures for and methods of providing support under paragraph (1) shall be prescribed by Presidential Decree.

**Article 25-2 (Support for Joint Utilization of Research Facilities and Equipment)**

(1) To promote technological innovation of small and medium enterprises, the Administrator of the Small and Medium Business Administration may implement a project helping small and medium enterprises use and utilize research facilities and equipment held by universities, research institutes, public institutions, etc.

(2) Where the Administrator of the Small and Medium Business Administration deems it necessary to promote a project referred to in paragraph (1), he/she may provide contributions to universities, research institutes, public institutions, small and medium enterprises, etc. to cover some expenses incurred therein.

**Article 26 Deleted.** *<by Act No. 9378, Jan. 30, 2009>*

**Article 27 (Financial and Taxation Support, etc.)**

(1) To ensure smooth funding for supporting technological innovation and informatization of small and medium entrepreneurs, the Government and local governments may implement necessary policy measures, such as financial support and support for credit guarantee. *<Amended by Act No. 13093, Jan. 28, 2015>*

(2) Where necessary to support technological innovation and informatization of small and medium entrepreneurs, the Government and local governments may grant taxation support subsidies to them, as



prescribed by tax-related Acts, such as the Restriction of Special Taxation Act and the Restriction of Special Local Taxation Act. <Amended by Act No. 13093, Jan. 28, 2015>

#### **Article 28 (Collection and Use of Royalties)**

(1) Where a technological innovation project under Article 10 (1) or a project for supporting academic-industrial cooperation under Article 11 (1) is completed, the Administrator of the Small and Medium Business Administration may collect a royalty from a business operator within 50/100 of the amount he/she has contributed.

(2) The Administrator of the Small and Medium Business Administration shall use royalties collected under paragraph (1) for projects for supporting the promotion of technological innovation to which he/she provides contributions under this Act.

(3) Where any intellectual property right created as the outcomes of a technological innovation project under Article 10 (1) or a project for supporting academic-industrial cooperation under Article 11 (1) falls under grounds prescribed by Presidential Decree, such as not being vested in a small and medium enterprise, the Administrator of the Small and Medium Business Administration may exempt the relevant small and medium enterprise from a royalty.

(4) Where a person who has performed a technological innovation project under Article 10 (1) or a project for supporting academic-industrial cooperation under Article 11 (1) falls under grounds prescribed by Presidential Decree, such as the payment of royalties in a lump sum or the early repayment thereof, the Administrator of the Small and Medium Business Administration may reduce a certain amount of such royalties.

(5) Except as otherwise expressly provided in paragraphs (1) through (4), matters necessary for the collection, exemption, reduction, etc. of royalties shall be prescribed by Presidential Decree.

#### **Article 29 (Delegation of Authority)**

(1) The Administrator of the Small and Medium Business Administration may partially delegate his/her authority under this Act to the head of an institution specialized in technology promotion, as prescribed by Presidential Decree.

(2) The Administrator of the Small and Medium Business Administration may entrust some projects under this Act to an institution or organization, as prescribed by Presidential Decree.

#### **Article 30 (Deemed Public Officials for Purposes of Penalty Provisions)**

Members who are not public officials among the members referred to in Article 6 (3), executive officers and employees seconded to the support group from a public institution or an institution specialized in technology promotion which is an implementing agency under Article 13-2 (3), the head of an institution specialized in technology promotion that conducts affairs entrusted under Article 29 (1) and employees belonging thereto, and the head of an institution or organization that performs projects entrusted under paragraph (2) of the same Article and employees belonging thereto shall be deemed public officials for the purposes of Articles 129 through 132 of the Criminal Act.

## **Article 31 (Restrictions, etc. on Participation in Projects for Supporting Promotion of Technological Innovation)**

(1) Where any small and medium entrepreneur, school, institution, or organization that has participated in any technological innovation project under Article 10 (1) or project for supporting academic-industrial cooperation under Article 11 (1), or any executive officer and employee belonging thereto, or any person in charge of research or researcher not belonging thereto falls under any of the following cases, the Administrator of the Small and Medium Business Administration may restrict his/her/its participation in a project for supporting the promotion of technological innovation within the period of up to five years, and notify the heads of the relevant central administrative agencies of such restrictions on participation:

*<Amended by Act No. 11538, Dec. 11, 2012>*

1. Where a project is decided as a failed project or suspended project according to the evaluation conducted by the Administrator of Small and Medium Business Administration because the outcomes of research and development are extremely poor;
  2. Where he/she/it divulges or leaks the details of research and development without following proper procedures;
  3. Where he/she/it abandons the performance of research and development tasks without any justifiable cause;
  4. Where he/she/it uses contributions for the purpose other than the designated purposes, or files a false report on the details of use;
  5. Where he/she/it files an application for or registers an intellectual property right which is the outcomes of research and development in the name of an executive officer or employee belonging thereto, or a person in charge of research or researcher not belonging thereto without any justifiable cause;
  6. Where he/she/it commits misconduct in relation to research, such as forging, altering, or plagiarizing research and development data or the outcomes thereof;
  7. Where he/she/it fails or neglects to pay royalties without any justifiable cause;
  8. Where he/she/it participates in or conducts research and development by deceit or other fraudulent means;
  9. Where regarding a technology innovation project under Article 10 (1) and a project for supporting academic-industrial cooperation under Article 11 (1), the Administrator of Small and Medium Business Administration violates an agreement into which he/she has entered with a person who performs the relevant project, cases prescribed by Presidential Decree.
- (2) Where any act is performed to use contributed research and development expenses for any purpose, other than research, the Administrator of Small and Medium Business Administration may impose a surcharge for sanctions on the relevant small and medium entrepreneur, school, institution, organization, or an executive officer or employee belonging thereto or a person in charge of research or researcher not belonging thereto within five times the amount used for the relevant purpose, other than research, and

collect the surcharge from him/her/it. <Newly Inserted by Act No. 11538, Dec. 11, 2012>

(3) Where a person on whom a surcharge for sanctions has been imposed pursuant to paragraph (2) fails to pay such surcharge by the deadline for payment, the Administrator of Small and Medium Business Administration shall collect the surcharge in the same manner as national taxes in arrears. <Newly Inserted by Act No. 11538, Dec. 11, 2012>

(4) Criteria and procedures for evaluation of the outcomes of research and development under paragraph (1) 1, specific criteria for the period of restrictions on participation for each reason for restrictions on participation under the subparagraphs of the aforesaid paragraph, and necessary matters concerning the amount of a surcharge for sanctions based on types, degrees, etc. of offenses on which the surcharge for sanctions under paragraph (2) is imposed shall be prescribed by Presidential Decree. <Amended by Act No. 11538, Dec. 11, 2012>

### **Article 32 (Withdrawal of Contributions)**

(1) Where any small and medium entrepreneur, school, institution, or organization that has participated in any technological innovation project under Article 10 (1) or project for supporting academic-industrial cooperation under Article 11 (1), or any executive officer and employee belonging thereto, or any person in charge of research or researcher not belonging thereto falls under any subparagraph of Article 31 (1), the Administrator of the Small and Medium Business Administration may fully or partially withdraw project costs that he/she/it has contributed. <Amended by Act No. 11538, Dec. 11, 2012>

(2) Matters necessary for standards, procedures, etc. for the withdrawal of contributions under paragraph (1) shall be prescribed by Presidential Decree.

### ADDENDA

#### **Article 1 (Enforcement Date)**

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

#### **Article 2 Omitted.**

#### **Article 3 (Transitional Measures following Amendments to other Acts)**

Any activity performed under any Act amended pursuant to the provisions of Article 2 of Addenda at the time this Act enters into force, such as the payment of contributions, collection of royalties, etc. shall be deemed to have been performed under this Act.

### ADDENDA <Act No. 7219, Sep. 23, 2004>

#### **Article 1 (Enforcement Date)**

This Act shall enter into force one month after the date of its promulgation.

#### **Articles 2 through 5 Omitted.**

### ADDENDA <Act No. 7753, Dec. 23, 2005>

**Article 1 (Enforcement Date)**

This Act shall enter into force on March 1, 2006.

**Article 2 (Transitional Measures following Change of Name of Information Management Institute for Small and Medium Enterprises)**

(1) The Korea Information Management Institute for Small and Medium Enterprises at the time this Act enters into force shall be deemed the Korea Technology and Information Promotion Agency for Small and Medium Enterprises.

(2) With regard to activities performed by the Korea Information Management Institute for Small and Medium Enterprises and to other legal relationship at the time this Act enters into force, the Korea Information Management Institute for Small and Medium Enterprises shall be deemed the Korea Technology and Information Promotion Agency for Small and Medium Enterprises.

(3) The name of the Korea Information Management Institute for Small and Medium Enterprises on the register or other public books at the time this Act enters into force shall be deemed that of the Korea Technology and Information Promotion Agency for Small and Medium Enterprises.

ADDENDA <Act No. 7949, Apr. 28, 2006>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 8361, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 8387, Apr. 27, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 8604, Aug. 3, 2007>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation.

(2) Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted)

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 9378, Jan. 30, 2009>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation.

(2) (Applicability concerning Restrictions, etc. on Participation in Projects to Assist in Promotion of Technological Innovation) The amended provisions of Articles 31 and 32 shall also apply to persons implementing projects after receiving subsidies for project expenses under the previous provisions at the time this Act enters into force.

ADDENDUM <Act No. 10597, Apr. 14, 2011>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 11538, Dec. 11, 2012>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Imposition of Surcharges for Sanctions)**

The amended provisions of Article 31 (2) shall apply from the first act of using contributed research and development expenses for any purpose, other than research, after this Act enters into force.

ADDENDA <Act No. 11690, Mar. 23, 2013>

**Article 1 (Enforcement Date)**

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 11713, Mar. 23, 2013>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 through 6 Omitted.**

ADDENDUM <Act No. 12006, Aug. 6, 2013>

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 13 (3) shall enter into force on January 1, 2014.

ADDENDA <Act No. 13093, Jan. 28, 2015>

**Article 1 (Enforcement Date)**

This Act shall enter into force three months after the date of its promulgation: Provided, That the amended provisions of Article 13 (1) and (6) shall enter into force six months after the date of its promulgation.

**Article 2 (Applicability to Merger Procedures, etc.)**

The amended provisions of Article 15-2 shall apply beginning with the first contract for merger, transfer of business or takeover of business prepared after this Act enters into force.

**Article 3 Omitted.**