



Double Taxation Avoidance Agreement between South Korea and Singapore

Entered into force on February 13, 1981

DEZAN SHIRA & ASSOCIATES

Corporate Establishment, Tax, Accounting & Payroll Throughout Asia

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**CONVENTION BETWEEN
THE REPUBLIC OF SINGAPORE AND
THE REPUBLIC OF KOREA
FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME**

Date of Conclusion: 6 November 1979.

Entry into Force: 13 February 1981.

Effective Date: 1 January 1979.

The Government of the Republic of Singapore and the Government of the Republic of Korea,

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

ARTICLE 1 - PERSONAL SCOPE

This Convention shall apply to persons who are residents of one or both of the Contracting States.

ARTICLE 2 - TAXES COVERED

1. The taxes which are the subject of this Convention are:

(a) in Singapore:

the income tax

(hereinafter referred to as "Singapore tax");

(b) in Korea:

(i) the income tax;

(ii) the corporation tax; and

(iii) the inhabitant tax;

(hereinafter referred to as "Korean tax").

2. This Convention shall also apply to any other taxes of substantially similar character which are subsequently imposed in addition to, or in place of, the existing taxes.

3. If, by reason of changes made in the taxation law of either Contracting State, it seems desirable to amend any article of this Convention without affecting the general principles thereof, the necessary amendments may be made by mutual consent by means of an exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures. The competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their respective taxation laws.

ARTICLE 3 - GENERAL DEFINITIONS

1. In this Convention, unless the context otherwise requires:

- (a) the term "Korea" means the Republic of Korea, and, when used in a geographical sense, it includes any area over which the sovereign rights of the Republic of Korea may be exercised;
- (b) the term "Singapore" means the Republic of Singapore;
- (c) the terms "a Contracting State" and "the other Contracting State" mean Singapore or Korea, as the context requires;
- (d) the term "tax" means Singapore tax or Korean tax, as the context requires;
- (e) the term "person" comprises an individual, a company and any other body of persons which is treated as an entity for tax purposes;
- (f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) the term "nationals or citizens" means:
 - (i) all individuals possessing the nationality of a Contracting State;
 - (ii) all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in a Contracting State;
- (i) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (j) the term "competent authority" means, in the case of Korea, the Minister of Finance or his authorised representative; and in the case of Singapore, the Minister of Finance or his authorised representative.

2. As regards the application of this Convention by either Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

ARTICLE 4 - FISCAL DOMICILE

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of head or main office, place of management or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

- (a) he shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (centre of vital interests);
- (b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
- (c) if he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of management and control is situated. In case of doubts the competent authorities of the Contracting States shall settle the question by mutual agreement.

ARTICLE 5 - PERMANENT ESTABLISHMENT

1. For the purpose of this Convention, the term "permanent establishment" means a fixed place of business in which business of the enterprise is wholly or partly carried on.

2. The term "permanent establishment" shall include especially:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a workshop;
- (f) a mine, oil well, quarry or other place of extraction of natural resources;
- (g) a building site or construction or installation and assembly project which exist for more than six months.

3. The term "permanent establishment" shall not be deemed to include:
 - (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
 - (e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.
4. An enterprise of a Contracting State, notwithstanding it has no fixed place of business in the other Contracting State, shall be deemed to have a permanent establishment in that other Contracting State if it carries on supervisory activities in that other Contracting State for more than six months in connection with construction, installation and assembly project.
5. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State (other than an agent of an independent status to whom paragraph 6 applies) notwithstanding he has no fixed place of business in the first-mentioned Contracting State shall be deemed to be a permanent establishment in that Contracting State if:
 - (a) he has, and habitually exercises an authority in the first-mentioned Contracting State to conclude contracts in the name of the enterprise; or
 - (b) he maintains in the first-mentioned Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise.
6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.
7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute for either company a permanent establishment of the other.

ARTICLE 6 - INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as a consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

ARTICLE 7 - BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase (including transportation) by that permanent establishment of goods or merchandise for the enterprise.

5. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8 - SHIPPING AND AIR TRANSPORT

1. Profits which an enterprise of a Contracting State derives from the operation of ships or aircraft in international traffic shall be exempt from tax of the other Contracting State.

2. The provisions of paragraph 1 of this Article shall likewise apply in respect of participation in a pool, a joint business or an international operating agency of any kind by enterprises engaged in the operation of ships or aircraft in international traffic.

3. In respect of the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State, that enterprise, if an enterprise of Singapore, shall also be exempt from the value added tax in Korea and, if an enterprise of Korea, shall also be exempt from any tax similar to the value added tax in Korea which may hereafter be imposed in Singapore.

ARTICLE 9 - ASSOCIATED ENTERPRISES

Where

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE 10 - DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- (a) 10% of the gross amount of the dividends if the recipient is a company which owns directly at least 25% of the capital of the company paying the dividends;
- (b) 15% of the gross amount of the dividends in all other cases.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.

The provisions of this paragraph shall not affect the taxation of the company on the profits out of which the dividends are paid.

3. Notwithstanding the provisions of paragraph 2 of this Article as long as Singapore does not impose a tax on dividends in addition to the tax chargeable on the profits or income of a company, dividends paid by a company which is a resident of Singapore to a resident of Korea shall be exempt from any tax in Singapore which may be chargeable on dividends in addition to the tax chargeable on the profits or income of the company. However, when Singapore imposes tax on dividends in addition to the tax chargeable on the profits or income of a company, the rates as prescribed under the provisions of paragraph 2 of this Article shall apply.

4. The term "dividends" as used in the Article means income from shares as well as income assimilated to income from shares according to the taxation laws of the Contracting State of which the company making the distribution is a resident.

5. The provisions of paragraph 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 7 shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company to persons who are not residents of that other State, nor subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or undistributed profits consist wholly or partly of profits or income arising in such other State.

7. Dividends shall be deemed to arise:

- (a) in Singapore, if it is paid by a company resident in Singapore; or
- (b) in Korea, if it is paid by a company resident in Korea.

ARTICLE 11 - INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State in which it arises and according to the law of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10% of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to the Government of the other Contracting State shall be exempt from tax of the first-mentioned Contracting State.

4. For the purposes of paragraph 3 of this Article, the term "Government":

- (a) in the case of Korea means the Government of Korea and shall include:
 - (i) the local authorities;
 - (ii) the Bank of Korea;
 - (iii) the Export-Import Bank of Korea; and
 - (iv) such institutions, the capital of which is wholly owned by the Government of Korea or the local authorities, as may be agreed from time to time between the Governments of the two Contracting States;

- (b) in the case of Singapore means the Government of Singapore and shall include:
- (i) the Board of Commissioners of Currency;
 - (ii) the Monetary Authority of Singapore;
 - (iii) any institution which performs the functions similar to those of the Export-Import Bank of Korea;
 - (iv) such institutions, the capital of which is wholly owned by the Government of Singapore, as may be agreed from time to time between the Government of the two Contracting States.

5. The term "interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind as well as all other income assimilated to income from money lent according to the taxation laws of the State in which income arises.

6. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises, a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article 7 shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

8. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 12 - ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may be taxed in the State in which they arise, and according to the law of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 15% of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.

4. The provisions of paragraph 2 of this Article shall likewise apply to proceeds arising from the alienation of any copyright of scientific work, any patent, trade mark, design or model, plan, or secret formula or process.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 7 shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

7. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, excess part of the payment shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 13 - CAPITAL GAINS

1. Gains from the alienation of immovable property may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base may be taxed in the other State. However, gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic and movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State.

3. Gains from the alienation of any property other than those mentioned in preceding paragraphs of this Article may be taxed in both Contracting States.

ARTICLE 14 - PERSONAL SERVICES

1. Subject to the provisions of Articles 15, 16, 18, 19 and 20, salaries, wages and other similar remuneration or income for personal (including professional) services derived by a

resident of a Contracting State, shall be taxable only in that Contracting State, unless the services are performed in the other Contracting State. If the services are so performed, such remuneration or income as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration or income derived by a resident of a Contracting State for personal (including professional) services performed in the other Contracting State shall be exempt from tax of that other Contracting State if:

- (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and
- (b) the remuneration or income is paid by, or on behalf of, a person who is a resident of the first-mentioned Contracting State; and
- (c) the remuneration or income is not borne by a permanent establishment which that person has in the other Contracting State.

3. A resident of a Contracting State shall be exempt from tax in the other Contracting State on remuneration for services performed on ships or aircraft in international traffic.

ARTICLE 15 - DIRECTORS' FEES

Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.

ARTICLE 16 - GOVERNMENTAL FUNCTIONS

- 1.
- (a) Remuneration, other than pension, paid by a Contracting State or a political subdivision or a local authority or a statutory authority thereof to any individual in respect of services rendered to that State or political subdivision or local authority or statutory authority in the discharge of functions of a governmental nature shall be taxable only in that State.
 - (b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the recipient is a resident of that other State who:
 - (i) is a national of that other State; or
 - (ii) does not become a resident of that other State solely for the purpose of performing the services.

2. Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority or a statutory authority thereof to any individual in respect of services rendered to that State or political subdivision or local authority or statutory authority shall be exempt from tax in the other Contracting State.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to payments of remuneration or pension in respect of services in connection with any trade or business carried on by either Contracting State or a political subdivision or a local authority or a statutory authority thereof for the purposes of profits.

4. Subject to the provisions of paragraph 3, the provisions of paragraphs 1 and 2 shall likewise apply in respect of remuneration or pension paid, in the case of Korea, by the Bank of Korea, the Export-Import Bank of Korea, Korea Trade Promotion Corporation and other government-owned instrumentality performing functions of a governmental nature and, in the case of Singapore, the Monetary Authority of Singapore, the Board of Commissioners of Currency, the Economic Development Board, and other government-owned instrumentality performing functions of a governmental nature.

ARTICLE 17 - ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Article 14, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal services as such may be taxed in the Contracting State in which these services are performed.

2. The provisions of paragraph 1 shall not apply to remuneration or profits, salaries, wages and similar income derived from services rendered in a Contracting State by public entertainers if the visit to that Contracting State is substantially supported by public funds of the Government of the other Contracting State.

3. Notwithstanding the provisions of Article 7, where the services mentioned in paragraph 1 are provided in a Contracting State by an enterprise of the other Contracting State, the profits derived from providing these services by such an enterprise may be taxed in the first-mentioned State unless the enterprise is substantially supported from the public funds of the Government of the other Contracting State in connection with the provision of such services.

4. For the purposes of this Article the term "Government" shall include any political subdivision, local authority or statutory authority of either Contracting State.

ARTICLE 18 - PENSIONS AND ANNUITIES

1. Subject to the provisions under Article 16, pensions or annuities derived by a resident of a Contracting State from the other Contracting State may be taxed in that other State.

2. The term "pensions" means periodic payments made in consideration of past employment or by way of compensation for injuries received.

3. The term "annuities" means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

ARTICLE 19 - TEACHERS

An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State, and who, at the invitation of any university, college, school or other similar educational institution, which is recognised by the competent authority

in that other Contracting State, visits that other Contracting State for a period not exceeding two years solely for the purpose of teaching or research or both at such educational institution shall be exempt from tax in that other Contracting State on his remuneration for such teaching or research.

ARTICLE 20 - STUDENTS AND TRAINEES

1. An individual, who immediately before visiting a Contracting State is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for the primary purpose of:

- (a) studying at a university, college or school recognised by the competent authority in the first-mentioned Contracting State, or
- (b) securing training required to qualify him to practise a profession or a professional specialty,

shall be exempt from tax in that Contracting State in respect of:

- (i) remittances from the other Contracting State for the purposes of his maintenance, study or training; and
- (ii) any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes in an amount not exceeding 3,600 Singapore dollars or 720,000 Korean Won for any calendar year.

2. The benefits under the provisions of paragraph 1 of this Article shall extend only for such a period of time as may be reasonably or customarily required to effectuate the purposes of the visit, but in no event shall any individual have the benefits of the said paragraph for more than six years.

3. An individual, who immediately before visiting a Contracting State is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding three years for the primary purpose of study, research or training solely as a recipient of a grant, allowance or award from the Government or a scientific, educational, religious or charitable organisation of one of the Contracting States, shall be exempt from tax in the first-mentioned Contracting State in respect of:

- (a) remittances from the other Contracting State for the purposes of his maintenance, study, research or training; and
- (b) the amount of such grant, allowance or award; and
- (c) any remuneration for personal services rendered in the first-mentioned Contracting State provided such services are in connection with his study, research or training or are incidental thereto in an amount not exceeding 3,600 Singapore dollars or 720,000 Korean Won for any calendar year.

4. An individual, who immediately before visiting a Contracting State is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding twelve months solely as an employee of, or under contract with, the Government or an enterprise of the second-mentioned Contracting State for the purpose

of acquiring technical, professional or business experience shall be exempt from tax in the first-mentioned Contracting State on:

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State, provided such services are in connection with his studies or training or are incidental thereto in an amount not exceeding 15,000 Singapore dollars or 3,000,000 Korean Won for any calendar year.

5. For the purposes of this Article, the term "Government" shall include any political subdivision, local authority or statutory authority of either of the Contracting States.

ARTICLE 21 - RELIEF FROM DOUBLE TAXATION

1. In the case of a resident of Korea, double taxation shall be avoided as follows:

Subject to the existing provisions of the law of Korea regarding credit for foreign tax, Singapore tax payable in respect of income derived from Singapore shall be allowed as a credit against Korean tax payable in respect of the entire income subject to Korean tax.

2. For the purposes of credit referred to in paragraph 1, the term "Singapore tax payable" shall be deemed to include:

- (a)
 - (i) 10% of the gross amount of the dividends where a company resident in Korea holds at least 25% of the shareholdings of a company resident in Singapore which pays the dividends;
 - (ii) 15% of the gross amount of the dividends in other cases:

paid out of income on which Singapore tax is exempted or reduced in accordance with the special incentive laws designed to promote economic development in Singapore which were in force on the date of signature of this Convention or which have been modified only in minor respects so as not to affect their general principle;

- (b) 15% of the gross amount of the royalties in the case of paragraph 2 of Article 12 on which Singapore tax is exempted or reduced in accordance with the special incentive laws designed to promote economic development in Singapore which were in force on the date of signature of this Convention or which have been modified only in minor respects so as not to affect their general principle.

3. Subject to the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Korean tax payable in respect of income derived from Korea shall be allowed as a credit against Singapore tax payable in respect of that income. The credit shall not, however, exceed that part of the Singapore tax, as computed before the credit is given which is appropriate to such item of income.

4. For the purposes of credit referred to in paragraph 3, the term "Korean tax payable" shall be deemed to include the amount of Korean tax which would have been payable under paragraph 2 of Article 10 or paragraph 2 of Article 12 but for the exemption or reduction of Korean tax in accordance with the special incentive laws designed to promote economic development in Korea which were in force on the date of signature of this Convention or which have been modified only in minor respects so as not to affect their general principle. The amount of the tax referred to in this paragraph shall not, however, exceed:

- (a)
 - (i) 10% of the gross amount of the dividends in the case of paragraph 2(a) of Article 10;
 - (ii) 15% of the gross amount of the dividends in the case of paragraph 2(b) of Article 10; and
- (b) 15% of the gross amount of the royalties in the case of paragraph 2 of Article 12.

ARTICLE 22 - DIPLOMATIC AND CONSULAR OFFICIALS

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

ARTICLE 23 - NON-DISCRIMINATION

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall not be construed as obliging a Contracting State to grant to nationals of the other Contracting State not resident in the first-mentioned Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available only to citizens of the first-mentioned Contracting State or to such other persons as may be specified therein who are not resident in that Contracting State.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that State carrying on the same activities.

3. The provisions of this Article shall not be construed as obliging a Contracting State to grant residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

5. In this Article the term "taxation" means taxes which are the subject of this Convention.

ARTICLE 24 - MUTUAL AGREEMENT PROCEDURE

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Convention.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

ARTICLE 25 - EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is in accordance with this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment, collection or enforcement of the taxes which are the subject of this Convention.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

- (a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) to supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

ARTICLE 26 - ENTRY INTO FORCE

1. This Convention shall be approved by Singapore and Korea in accordance with their respective legal procedures, and shall enter into force on the day of the exchange of notes indicating such approval.
2. This Convention shall have effect:
 - (a) in respect of taxes withheld at source on amounts paid on or after the first day of January, 1979; and
 - (b) in respect of other taxes which are levied for taxable years or years of assessment beginning on or after the first day of January, 1979.

ARTICLE 27 - TERMINATION

This Convention shall remain in force indefinitely but either of the Contracting States may terminate the Convention, through diplomatic channels, by giving to the other Contracting State written notice of termination not earlier than the 30th day of June, 1983. In such event, the Convention shall cease to be effective:

- (a) in respect of taxes withheld at source on amounts paid after December 31 of the year in which the notice of termination is given; and
- (b) in respect of other taxes which are levied for any taxable year or year of assessment beginning on or after January 1st of the calendar year following the year in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Convention.

DONE in duplicate at Singapore this 6th day of November of the year one thousand nine hundred and seventy-nine in the English language.

*For the Government of
the Republic of Singapore.*

HON SUI SEN

*For the Government of
the Republic of Korea.*

SANG OCK LEE

PROTOCOL (1979)

At the signing of the Convention between the Government of the Republic of Singapore and Government of the Republic of Korea for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the undersigned have agreed on the following provisions which shall be an integral part of the Convention.

1. With respect to sub-paragraph (b) of paragraph 1 of Article 2, the Convention shall apply to the Korean defense tax where charged by reference to the income tax or the corporation tax.
2. With respect to sub-paragraph (b)(iii) of paragraph 1 of Article 2, the inhabitant tax refers to the inhabitant tax which is imposed on per income rate basis only.
3. With respect to Article 7, the term "profits of an enterprise" does not include rents or royalties in respect of literary or artistic copyrights, motion picture films or of tapes for television or broadcasting or of mines, oil wells, quarries, or other places of extraction of natural resources or of timber or forest procedure, or income in the form of dividends, interests, rents, royalties or fees or other remuneration derived from the management, control or supervision of the trade, business, or other activity of another enterprise or concern or remuneration for labour or personal services or income derived from the operation of ships or aircraft.
4. With respect to sub-paragraph (i), paragraph 1 of Article 3, the term "international traffic" shall not include voyages between places in a Contracting State and one or more movable bases situated in waters other than the territorial waters of either Contracting State.
5. Where this Convention provides (with or without other conditions) that income from sources in Korea shall be exempt from tax, or taxed at a reduced rate in Korea and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Convention in Korea shall apply to so much of the income as is remitted to or received in Singapore.
6. The Government of the Republic of Singapore shall be exempt from Korean tax with respect to dividends from, or gains from the alienation of securities derived by that Government from sources within Korea. However, the exemption shall be limited to dividends or gains with respect to securities held for public purposes only and not for any other purposes, provided that the holding of those securities does not constitute a substantial participation in the invested company. The term "securities" as used in this paragraph means shares or other rights referred to in paragraph 4 of Article 10 of the said Convention or Government securities, bonds or debentures referred to in paragraph 5 of Article 11 of the said Convention.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed this Protocol.

DONE in duplicate at Singapore this 6th day of November of the year one thousand nine hundred and seventy-nine in the English language.

*For the Government of
the Republic of Singapore.*

HON SUI SEN

*For the Government of
the Republic of Korea.*

SANG OCK LEE