**AGREEMENT OF 25TH OCTOBER, 1978 AS AMENDED BY PROTOCOL OF 6TH NOVEMBER, 1998**

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

## Chapter I
## Scope of the Convention

### Article 1
### Personal Scope

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

### Article 2
### Taxes Covered

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

*(a)* in the case of Korea:

- the income tax.
- the corporation tax.
- the inhabitant tax.

(hereinafter referred to as "Korean tax").

*(b)* in the case of the Netherlands:

- de inkomstenbelasting (income tax),
- de loonbelasting (wages tax),
- de vennootschapsbelasting (company tax),
- de dividendbelasting (dividend tax),

(hereinafter referred to as "Netherlands tax");

**2.** The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. The competent authorities of the States shall notify to each other any substantial changes which have been made in their respective taxation laws.

## Chapter II
## Definitions

### Article 3
### General Definition

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

*(a)* the term "State" means Korea, or the Netherlands as the context requires; the term "States" means Korea and the Netherlands;

*(b)* the term "Korea" means the Republic of Korea, and when used in a geographical sense, means all the territory in which the laws relating to Korean tax are in force. The term also includes the territorial sea thereof, and the seabed and sub-soil of the submarine areas adjacent to the coast thereof, but beyond the territorial sea, over which Korea exercises sovereign rights, in accordance with international law, for the purpose of exploration and exploitation of the natural resources of such area;

*(c)* the term "the Netherlands" comprises the part of the Kingdom of the Netherlands that is situated in Europe and the part of the seabed and its sub-soil under the North Sea, over which the Kingdom of the Netherlands has sovereign rights in accordance with international law;

*(d)* the term "person" comprises an individual, a company and any other body of persons;

*(e)* the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

*(f)* the terms "enterprises of one of the States" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of one of the States and an enterprise carried on by a resident of the other State;

*(g)* the term "nationals" means:

**1.** all individuals possessing the nationality of one of the States;

**2.** all legal persons, partnerships and associations deriving their status as such from the law in force in one of the States;

*(h)* the term "competent authority" means:

**1.** in Korea the Minister of Finance or his duly authorized representative;

**2.** in the Netherlands the Minister of Finance or his duly authorized representative;

*(i)* the term "tax" means Korean tax or Netherlands tax, as the context requires.

**2.** As regards the application of the Convention by either of the States any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that 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 one of the States" 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, but the term does not include any person who is liable to tax in that State for the sole reason that he derives income from sources therein. The terms "resident of the other State", "resident of Korea" and "resident of the Netherlands" shall be construed accordingly.

**2.** Where by reason of the provisions of paragraph 1 an individual is a resident of both States, then this case shall be determined in accordance with the following rules:

*(a)* he shall be deemed to be a resident of the State in which he has a permanent home available to him. If he has a permanent home available to him in both States, he shall

be deemed to be a resident of the State with which his personal and economic relations are closest (centre of vital interests);

*(b)* if the 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 State, he shall be deemed to be a resident of the State in which he has an habitual abode;

*(c)* if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;

*(d)* if he is a national of both States or of neither of them, the competent authorities of the 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 States, then it shall be deemed to be a resident of the State in which it is managed and controlled.

**Article 5**
**Permanent Establishment**

**1.** For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of the enterprises 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 store or other sales outlet;

*(e)* a factory;

*(f)* a workshop;

*(g)* a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;

*(h)* a building site or construction, installation or assembly project or activities of providing personal services such as supervisory, technical or any other professional services in connection therewith, where such site, project or activity exists 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.** A person acting in one of the States on behalf of an enterprise of the other State – other than an agent of an independent status to whom paragraph 5 applies – shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

**5.** An enterprise of one of the States shall not be deemed to have a permanent establishment in the other State merely because it carries on business in that other 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.

**6.** The fact that a company which is a resident of one of the States controls or is controlled by a company which is a resident of the other State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

## Chapter III
## Taxation of Income

### Article 6
### Income From Immovable Property

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

**2.** The term "immovable property" shall be defined in accordance with the law of the 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 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 service.

### Article 7
### Business Profits

**1.** The profits of an enterprise of one of the States shall be taxable only in that State unless the enterprise carries on business in the other 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 one of the States carries on business in the other State through a permanent establishment situated therein, there shall in each 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 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 from the operation of ships or aircraft in international traffic carried on by an enterprise of one of the States shall be taxable only in that State.

**2.** The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

**Article 9**
**Associated Enterprises**

Where

*(a)* an enterprise of one of the States participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

*(b)* the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the States and an enterprise of the other 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 one of the States to a resident of the other State may be taxed in that other State.

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

*(a)* 10 per cent of the gross amount of the dividends if the recipient is a company the capital of which is wholly or partly divided into shares and which holds directly at least 25 per cent of the capital of the company paying the dividends;

*(b)* 15 per cent of the gross amount of the dividends in all other cases.

**3.** The provisions of paragraph 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

**4.** The term "dividends" as used in this Article means income from shares, "jouissance" rights, founders' shares or other rights not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.

**5.** The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of one of the States, has in the other 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 one of the States derives profits or income from the other 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, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

**Article 11**
**Interest**

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

**2.** However, such interest may be taxed in the State in which it arises, and according to the law of that State, but the tax so charged shall not exceed:

*(a)* 10 per cent of the gross amount of such interest if it is paid on a loan made for a period of more than 7 years; and

*(b)* 15 per cent of the gross amount of such interest in all other cases.

**3.** Notwithstanding the provisions of paragraph 2 of this Article, interest arising in one of the States and paid to the Government of the other State or local authority thereof, the central bank of that other State or any agency or instrumentality (including financial institution) wholly owned by that Government or that central bank, or by both shall be exempt from tax in the first-mentioned State.

**4.** 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 by the taxation law of the State in which the income arises.

**5.** The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of one of the States, has in the other 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.

**6.** Interest shall be deemed to arise in one of the States 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 one of the States or not, has in one of the States 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 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 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 State, due regard being had to the other provisions of this Convention.

**Article 12**
**Royalties**

**1.** Royalties arising in one of the States and paid to a resident of the other 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 the tax so charged shall not exceed:

*(a)* 15 per cent of the gross amount in the case of royalties as defined in paragraph 3, subparagraph a); and

*(b)* 10 per cent of the gross amount in the case of royalties as defined in paragraph 3, subparagraph b).

**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:

*(a)* any copyright of literary, artistic or scientific work including cinematograph films; and

*(b)* any patent, trade mark, design or model, plan, secret formula or process, industrial, commercial or scientific equipment; or information concerning industrial, commercial or scientific experience.

**4.** The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of one of the States, has in the other 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.

**5.** Royalties shall be deemed to arise in one of the States 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 one of the States or not, has in one of the States a permanent establishment in connection with which the contract under which the royalties are paid was concluded, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.

**6.** 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, the excess part of the payments shall remain taxable according to the law of each State, due regard being had to the other provisions of this Convention.

**Article 13**
**Limitation of Articles 10, 11 and 12**

International organisations, organs and officials thereof and members of a diplomatic or consular mission of a third State, being present in one of the States, are not entitled, in the other State, to the reductions or exemptions from tax provided for in Articles 10, 11 and 12 in respect of the items of income dealt with in these Articles and arising in that other State, if such items of income are not subject to a tax on income in the first-mentioned State.

**Article 14**

**Capital Gains**

**1.** Gains from the alienation of immovable property, as defined in paragraph 2 of Article 6, may be taxed in the 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 one of the States has in the other State or of movable property pertaining to a fixed base available to a resident of one of the States in the other 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.

**3.** Notwithstanding the provisions of paragraph 2, gains derived by a resident of one of the States from the alienation of ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in that State.

**4.** Gains from the alienation of any property other than those mentioned in paragraphs 1, 2 and 3, shall be taxable only in the State of which the alienator is a resident.

**5.** The provisions of paragraph 4 shall not affect the right of each of the States to levy according to its own law a tax on gains from the alienation of shares or "jouissance" rights in a company, the capital of which is wholly or partly divided into shares and which is a resident of that State, derived by an individual who is a resident of the other State and has been a resident of the first-mentioned State in the course of the last five years preceding the alienation of the shares or "jouissance" rights.

**Article 15**
**Independent Personal Services**

**1.** Income derived by a resident of one of the States in respect of professional services or other independent activities of a similar character shall be taxable only in that State. However, in the following circumstances such income may be taxed in the other State:

*(a)* if he has a fixed base regularly available to him in the other State for the purpose of performing his activities;

*(b)* if his stay in the other State is for a period or periods amounting to or exceeding in the aggregate 183 days in the taxable year.

**2.** The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

**Article 16**
**Dependent Personal Services**

**1.** Subject to the provisions of Articles 17, 19, 20, 21 and 22, salaries, wages and other similar remuneration derived by a resident of one of the States in respect of an employment shall be taxable only in that State unless the employment is exercised in the other State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

**2.** Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of one of the States in respect of an employment exercised in the other State shall be taxable only in the first-mentioned State if:

*(a)* the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the taxable year concerned, and

*(b)* the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and

*(c)* the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

**3.** Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of one of the States in respect of an employment exercised aboard a ship or aircraft in international traffic shall be taxable only in that State.

**Article 17**
**Directors' Fees**

**1.** Directors' fees and similar payments derived by a resident of the Netherlands in his capacity as a member of the board of directors of a company which is a resident of Korea may be taxed in Korea.

**2.** Remuneration and other payments derived by a resident of Korea in his capacity as a "bestuurder" or a "commissaris" of a company which is a resident of the Netherlands may be taxed in the Netherlands.

**Article 18**
**Artistes and Athletes**

**1.** Notwithstanding the provisions of Articles 5, 7, 15 and 16, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such, or income derived from the furnishing by an enterprise of the services of such public entertainers or athletes may be taxed in the State in which these activities or services are exercised.

**2.** The provisions of paragraph 1 shall not apply if the visit of public entertainers or athletes to one of the States is supported wholly or substantially from the public funds of the other State, a political subdivision or a local authority thereof.

**Article 19**
**Pensions and Annuities**

**1.** Subject to the provisions of paragraph 2 of this Article and paragraph 1 of Article 20, pensions and other similar remuneration paid in consideration of past employment to a resident of one of the States and any annuity paid to such a resident, shall be taxable only in that State.

**2.** However, such income may also be taxed in the other State in so far as it is charged as such against profits derived in that other State by an enterprise of that other State or by an enterprise having a permanent establishment therein.

**3.** Pensions paid out under the provisions of a public social security system of one of the States to a resident of the other State may be taxed in the first-mentioned State.

**4.** The term "annuity" 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 20**
**Governmental Functions**

**1.** Remuneration, including pensions, paid by, or out of funds created by, one of the States or a political subdivision or a local authority thereof to any individual in respect of services rendered to that State or subdivision or local authority thereof in the discharge of functions of a governmental nature shall be taxable only in that State. If, however, the services are rendered to one of the States in the other State by an individual who is a resident and a national of that other State and not a national of the first-mentioned State, the remuneration shall be taxable only in that other State.

**2.** The provisions of Articles 16, 17 and 19 shall apply to remuneration or pensions in respect of services rendered in connection with any trade or business carried on for the purpose of profits by one of the States or a political subdivision or a local authority thereof.

**Article 21**
**Professors and Teachers**

**1.** An individual who is a resident of one of the States at the beginning of his visit to the other State and who, at the invitation of the Government of that other State or of a university or other accredited educational institution situated in that other State, visits that other State for the primary purpose of teaching or engaging in research, or both, at a university or other accredited educational institution shall be exempt from tax in that other State on his income from such teaching or research for a period not exceeding two years from the date of his arrival in that other State.

**2.** The provisions of this Article shall not apply to income from research if such research is undertaken primarily for the private benefit of a specific person or persons.

**Article 22**
**Students**

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

*(a)* studying at a recognized university, college or school in that first-mentioned State; or

*(b)* securing training as a business apprentice, shall be exempt from tax in the first-mentioned State in respect of;

**(i)** all remittances from abroad for the purpose of his maintenance, education or training, and

**(ii)** any remuneration for personal services performed in the first-mentioned State in an amount that does not exceed 5,000 Netherlands guilders or its equivalent in Korean Won for any taxable year.

The benefits under this paragraph shall only extend for such period of time as may be reasonable or customarily required to effectuate the purpose of the visit.

**2.** An individual who immediately before visiting one of the States is a resident of the other State and is temporarily present in the first-mentioned State for a period not exceeding three years for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organization or under a technical assistance programme entered into by one of the States, a political subdivision or a local authority thereof shall be exempt from tax in the first-mentioned State on:

*(a)* the amount of such grant, allowance or award; and

*(b)* all remittances from abroad for the purposes of his maintenance, study, research or training; and

*(c)* any remuneration for personal services performed in the first-mentioned State provided such services are in connection with his study, research or training or are incidental thereto, in an amount that does not exceed 5,000 Netherlands guilders or its equivalent in Korean Won for any taxable year.

**3.** An individual who immediately before visiting one of the States is a resident of the other State and is temporarily present in the first-mentioned State for a period not exceeding twelve months as an employee of, or under contract with the last-mentioned State, a political subdivision or a local authority thereof, or an enterprise of the last-mentioned State, for the purpose of acquiring technical, professional or business experience, shall be exempt from tax in the first-mentioned State on:

*(a)* all remittances from the last-mentioned State for the purpose of his maintenance, education or training; and

*(b)* any remuneration for personal services performed in the first-mentioned State, provided such services are in connection with his study or training or are incidental thereto, in an amount that does not exceed 15,000 Netherlands guilders or its equivalent in Korean Won for any taxable year.

However, the benefits under this paragraph shall not be granted if the employee or the person working under contract is sent to a company 50 per cent or more of the voting stock of which is owned by the State, the political subdivision or the local authority thereof or the enterprise, having sent the employee or the person working under contract, unless the latter shows proof that he has been sent only to acquire technical, professional or business experience.

## Chapter IV

### Article 23
### Elimination of Double Taxation

**1.** The Netherlands, when imposing tax on its residents, may include in the basis upon which such taxes are imposed, the items of income, which according to the provisions of this Convention may be taxed in Korea.

**2.** Without prejudice to the application of the provisions concerning the compensation of losses in the unilateral regulations for the avoidance of double taxation the Netherlands shall allow a deduction from the amount of tax computed in conformity with the first paragraph of this Article equal to such part of that tax which bears the same proportion to the aforesaid tax, as the part of the income which is included in the basis mentioned in the first paragraph of this Article and may be taxed in Korea according to Articles 6 and 7, paragraph 5 of Article 10, paragraph 5 of Article 11, paragraph 4 of Article 12, paragraphs 1 and 2 of Article 14, Article 15, paragraph 1 of Article 16, paragraph 1 of Article 17, and Article 20, of this Convention bears to the total income which forms the basis mentioned in the first paragraph of this Article.

**3.** Further the Netherlands shall allow a deduction from the tax computed in accordance with the preceding paragraphs of this Article with respect to the items of income which may be taxed in Korea according to paragraph 2 of Article 10, paragraph 2 of Article 11, paragraph 2 of Article 12, Article 18, and paragraphs 2 and 3 of Article 19, and are included in the basis mentioned in paragraph 1 of this Article. The amount of this deduction shall be the lesser of the following amounts:

*(a)* the amount equal to the Korean tax;

*(b)* the amount of the Netherlands tax which bears the same proportion to the amount of tax computed in conformity with paragraph 1 of this Article, as the amount of the said items of income bears to the amount of income which forms the basis mentioned in paragraph 1 of this Article.

**4.** Korea shall allow to a resident of Korea as a credit against Korean tax the appropriate amount of tax paid or to be paid to the Netherlands. Such appropriate amount shall be based upon the amount of tax paid or to be paid to the Netherlands but shall not exceed that proportion of Korean tax which the income which in

accordance with the provisions of this Convention may be taxed in the Netherlands bears to the entire income subject to Korean tax.

## Chapter V
## Special Provisions

### Article 24
### Non-Discrimination

**1.** The nationals of one of the States, whether they are residents of that State or not, shall not be subjected in the other 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.

**2.** The taxation on a permanent establishment which an enterprise of one of the States has in the other State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging one of the States to grant to residents of the other 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.

**3.** Enterprises of one of the States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first-mentioned 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.

**4.** In this Article the term "taxation" means taxes of every kind and description.

### Article 25
### Mutual Agreement Procedure

**1.** Where a resident of one of the States considers that the actions of one or both of the 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 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 State, with a view to the avoidance of taxation not in accordance with this Convention.

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

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

### Article 26
### Exchange of Information

**1.** The competent authorities of the States shall exchange such information (being information which such authorities have in proper order at their disposal) as is necessary for the carrying out of this Convention, in particular for the prevention of fraud. Any information so exchanged shall be treated as secret and shall not be

disclosed to any persons or authorities other than those, including a court, concerned with the assessment or collection of, or the determination of appeals in relation to, 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 States the obligation:

*(a)* to carry out administrative measures at variance with the laws or the administrative practice of that or of the other 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 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 27**
**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 28**
**Territorial Extension**

**1.** This Convention may be extended, either in its entirety or with any necessary modifications, to the Netherlands Antilles, if that country imposes taxes substantially similar in character to those to which this Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed in notes to be exchanged through diplomatic channels.

**2.** Unless otherwise agreed the termination of the Convention shall not of itself terminate any extension of the Convention to the Netherlands Antilles.

**Chapter VI**
**Final Provisions**

**Article 29**
**Entry Into Force**

**1.** This Convention shall be ratified and the instruments of ratification shall be exchanged at _____ as soon as possible.

**2.** This Convention shall enter into force on the fifteenth day after the date of exchange of the instruments of ratification and shall have effect:

*(a)* with respect to taxes withheld at source, on income credited or payable on or after the first day of January in the calendar year in which the Convention enters into force;

*(b)* with respect to other taxes, to taxes chargeable for any taxable year beginning on or after the first day of January in the calendar year immediately following the year in which the Convention enters into force.

**Article 30**
**Termination**

This Convention shall remain in force indefinitely. Either State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year beginning after the expiration of a period of five years from the date of its entry into force. In such event the Convention shall cease to have effect:

*(a)* with respect to taxes withheld at source, on income credited on or after the first day of January in the calendar year next following the year in which the notice of termination has been given;

*(b)* with respect to other taxes, to taxes chargeable for any taxable year beginning on or after the first day of January of the second calendar year following the year in which the notice of termination has been given.