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No. S 828

INCOME TAX ACT
(CHAPTER 134)

INCOME TAX (SINGAPORE — KOREA) (AVOIDANCE OF DOUBLE TAXATION AGREEMENT) ORDER 2019

WHEREAS it is provided by section 49 of the Income Tax Act that if the Minister by order declares that arrangements specified in the order have been made with the government of any country outside Singapore with a view to affording relief from double taxation in relation to tax under the Act and any tax of a similar character imposed by the laws of that country, and that it is expedient that those arrangements should have effect, the arrangements have effect in relation to tax under the Act despite anything in any written law:

AND WHEREAS by an Agreement dated 13 May 2019, between the Government of the Republic of Singapore and the Government of the Republic of Korea, arrangements were made, among other things, for the avoidance of double taxation:

NOW, THEREFORE, it is declared by the Minister for Finance —

(*a*) that the arrangements specified in the Schedule to this Order have been made with the Government of the Republic of Korea; and

(*b*) that it is expedient that those arrangements should have effect despite anything in any written law.

THE SCHEDULE

AGREEMENT BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE

AND

THE GOVERNMENT OF THE REPUBLIC OF KOREA

FOR

THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

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

Intending to conclude an Agreement for the elimination of double taxation with respect to taxes on income without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third States),

Have agreed as follows:

ARTICLE 1 — PERSONS COVERED

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

ARTICLE 2 — TAXES COVERED

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property.

3. The existing taxes to which the Agreement shall apply are in particular:

(*a*) in Korea:

(i) the income tax;

THE SCHEDULE — *continued*

(ii) the corporation tax;

(iii) the special tax for rural development; and

(iv) the local income tax;

(hereinafter referred to as "Korean tax");

(*b*) in Singapore:

— the income tax

(hereinafter referred to as "Singapore tax").

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

ARTICLE 3 — GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:

(*a*) the term "Korea" means the Republic of Korea, and when used in a geographical sense, the territory of the Republic of Korea including its territorial sea, and any area adjacent to the territorial sea of the Republic of Korea which, in accordance with international law, has been or may hereafter be designated under the laws of the Republic of Korea as an area within which the sovereign rights or jurisdiction of the Republic of Korea with respect to the sea, sea-bed and subsoil, and their natural resources may be exercised;

(*b*) the term "Singapore" means the Republic of Singapore and, when used in a geographical sense, includes its land territory, internal waters and territorial sea, as well as any maritime area situated beyond the territorial sea which has been or might in the future be designated under its national law, in accordance with international law, as an area within which Singapore may exercise sovereign rights or jurisdiction with regards to the sea, the sea-bed, the subsoil and the natural resources;

(*c*) the terms "a Contracting State" and "the other Contracting State" mean Korea or Singapore, as the context requires;

(*d*) the term "tax" means Korean tax or Singapore tax, as the context requires;

THE SCHEDULE — *continued*

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

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

(*g*) the term "enterprise" applies to the carrying on of any business;

(*h*) 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;

(*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 "national", in relation to a Contracting State, means:

(i) any individual possessing the nationality or citizenship of that Contracting State; and

(ii) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State;

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

(i) in Korea, the Minister of Strategy and Finance or the Minister's authorised representative;

(ii) in Singapore, the Minister for Finance or the Minister's authorised representative;

(*l*) the term "business" includes the performance of professional services and of other activities of an independent character.

2. As regards the application of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

THE SCHEDULE — *continued*

ARTICLE 4 — RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of that person's domicile, residence, place of head or main office, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision, local authority or statutory body thereof.

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

(*a*) that individual shall be deemed to be a resident only of the State in which there is a permanent home available to that individual; if there is a permanent home available to that individual in both States, that individual shall be deemed to be a resident only of the State with which that individual's personal and economic relations are closer (centre of vital interests);

(*b*) if the State in which that individual has that individual's centre of vital interests cannot be determined, or if there is not a permanent home available to that individual in either State, that individual shall be deemed to be a resident only of the State in which that individual has an habitual abode;

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

(*d*) in any other case, 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 only of the State in which its place of effective management is situated.

ARTICLE 5 — PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

(*a*) a place of management;

(*b*) a branch;

(*c*) an office;

THE SCHEDULE — *continued*

(*d*) a factory;

(*e*) a workshop; and

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

3. A building site or construction or assembly or installation project or supervisory activities in connection therewith constitutes a permanent establishment only if such site, project or activities last more than twelve months.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not 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 of collecting information, for the enterprise;

(*e*) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

(*f*) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (*a*) to (*e*), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 6 applies — is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a

THE SCHEDULE — *continued*

broker, general commission agent or any other agent of an independent status, provided that 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 State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6 — INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under 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 consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships 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.

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. Subject to the provisions of paragraph 3, 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.

THE SCHEDULE — *continued*

3. In determining 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. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

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

ARTICLE 8 — SHIPPING AND AIR TRANSPORT

1. Profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic 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.

3. Interest on funds directly connected with, and integral to, the operations of ships or aircraft in international traffic shall be regarded as profits derived from the operation of such ships or aircraft, and the provisions of Article 11 shall not apply in relation to such interest.

4. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic shall include:

(*a*) profits from the rental on a bareboat basis of ships or aircraft; and

(*b*) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

THE SCHEDULE — *continued*

ARTICLE 9 — ASSOCIATED ENTERPRISES

1. 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.

2. Where a Contracting State includes in the profits of an enterprise of that State — and taxes accordingly — profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.

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, dividends paid by a company which is a resident of a Contracting State may also be taxed in that State according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:

(*a*) 10 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;

THE SCHEDULE — *continued*

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

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

5. 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, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company's undistributed profits to a tax on the company's 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 a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, interest arising in a Contracting State may also be taxed in that State according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2:

(*a*) interest arising in a Contracting State and paid to the Government of the other Contracting State shall be exempt from tax in the first-mentioned State; and

(*b*) interest paid in connection with the sale on credit of any industrial, commercial or scientific equipment, or paid in connection with the sale on credit of any merchandise by one enterprise to another enterprise

THE SCHEDULE — *continued*

shall be taxable only in the Contracting State of which the recipient is a resident if such recipient is the beneficial owner of the interest.

4. For the purpose of paragraph 3, the term "Government":

(*a*) in the case of Korea, means the Government of Korea, political subdivisions and local authorities thereof, and shall include

(i) the Bank of Korea;

(ii) the Korea Investment Corporation;

(iii) the Export-Import Bank of Korea;

(iv) the Korea Trade Insurance Corporation;

(v) a statutory body; and

(vi) any institution performing functions of a governmental nature and wholly owned by the Government of Korea as may be specified and agreed from time to time between the competent authorities of the Contracting States;

(*b*) in the case of Singapore, means the Government of Singapore and shall include:

(i) the Monetary Authority of Singapore;

(ii) the GIC Private Limited;

(iii) a statutory body; and

(iv) any institution performing functions of a governmental nature and wholly owned by the Government of Singapore as may be specified and agreed from time to time between the competent authorities of the Contracting States.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises through a permanent establishment situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

THE SCHEDULE — *continued*

7. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether that person 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 State in which the permanent establishment is situated.

8. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

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, royalties arising in a Contracting State may also be taxed in that State according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of the royalties.

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 and films or tapes used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties

THE SCHEDULE — *continued*

was incurred 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, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 13 — CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.

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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.

3. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic, or of movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State.

4. Gains derived by a resident of a Contracting State from the alienation of shares, other than shares traded on a recognised stock exchange, deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.

5. Gains from the alienation of shares forming part of a substantial interest in the capital of a company which is a resident of a Contracting State may be taxed in that State and according to the laws of that State. For the purposes of this paragraph, a substantial interest shall be deemed to exist when the alienator, alone or together with associated or related persons, holds directly or indirectly 25 per cent of the total shares issued by the company.

6. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

THE SCHEDULE — *continued*

ARTICLE 14 — INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting 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 a Contracting State in respect of an employment exercised in the other Contracting 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 calendar year concerned;

(*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 which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that State.

ARTICLE 15 — DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Contracting State in that person's 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 State.

ARTICLE 16 — ENTERTAINERS AND SPORTSPERSONS

1. Notwithstanding the provisions of Article 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from that resident's personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson acting as such accrues not to the entertainer or sportsperson but to another person, that income may, notwithstanding the provisions of Article 14, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.

THE SCHEDULE — *continued*

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income derived by entertainers or sportspersons who are resident of a Contracting State from the activities exercised in the other Contracting State shall be exempt from tax in that other Contracting State if such activities are supported wholly or mainly from the public funds of either Contracting State or a political subdivision or a local authority or a statutory body thereof, or take place under an agreement of cultural exchange between the Governments of the Contracting States.

ARTICLE 17 — PENSIONS

Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration arising in a Contracting State and paid to a resident of the other Contracting State in consideration of past employment shall be taxable only in the first-mentioned State.

ARTICLE 18 — GOVERNMENT SERVICE

1. (*a*) Salaries, wages and other similar remuneration paid by a Contracting State or a political subdivision or a local authority or a statutory body thereof to an individual in respect of services rendered to that State or subdivision or authority or body shall be taxable only in that State.

(*b*) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

(i) is a national of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. (*a*) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority or a statutory body thereof to an individual in respect of services rendered to that State or subdivision or authority or body shall be taxable only in that State.

(*b*) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

3. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages, pensions and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority or a statutory body thereof.

THE SCHEDULE — *continued*

4. Subject to the provisions of paragraph 3, the provisions of paragraphs 1 and 2 shall likewise apply in respect of salaries, wages, pensions and other similar remuneration paid by:

(*a*) in the case of Korea:

the Bank of Korea, the Export-Import Bank of Korea, the Korea Trade Insurance Corporation, Korea Trade-Investment Promotion Agency and other institutions performing functions of a governmental nature as may be specified and agreed from time to time between the competent authorities of the Contracting States;

(*b*) in the case of Singapore:

the Monetary Authority of Singapore, the Economic Development Board and other institutions performing functions of a governmental nature as may be specified and agreed from time to time between the competent authorities of the Contracting States.

ARTICLE 19 — STUDENTS

Payments which a student or business apprentice, who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of that student's or business apprentice's education or training, receives for the purpose of that student's or business apprentice's maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

ARTICLE 20 — OTHER INCOME

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that State.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this

THE SCHEDULE — *continued*

Agreement and arising in the other Contracting State may also be taxed in that other State.

ARTICLE 21 — ELIMINATION OF DOUBLE TAXATION

1. Subject to the provisions of Korean tax law regarding the allowance as credit against Korean tax of tax payable in any country other than Korea (which shall not affect the general principle hereof):

(*a*) Where a resident of Korea derives income from Singapore which may be taxed in Singapore under the laws of Singapore and in accordance with the provisions of this Agreement, in respect of that income, the amount of Singapore tax payable shall be allowed as a credit against the Korean tax payable imposed on that resident. The amount of credit shall not, however, exceed that part of Korean tax as computed before the credit is given, which is appropriate to that income;

(*b*) Where the income derived from Singapore is dividends paid by a company which is a resident of Singapore to a company which is a resident of Korea which owns at least 25 per cent of the voting shares issued by or the capital stock of the company paying the dividends, the credit shall take into account the Singapore tax payable by the company in respect of the profits out of which such dividend is paid.

2. For the purpose of credit referred to in paragraph 1, the term "Singapore tax payable" shall be deemed to include the amount of Singapore 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 Singapore tax 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 Agreement 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 per cent of the gross amount of the dividends in the case of paragraph 2(*a*) of Article 10;

(ii) 15 per cent of the gross amount of the dividends in the case of paragraph 2(*b*) of Article 10; and

(*b*) 5 per cent of the gross amount of the royalties in the case of paragraph 2 of Article 12.

THE SCHEDULE — *continued*

3. In Singapore, double taxation shall be avoided as follows:

Where a resident of Singapore derives income from Korea which, in accordance with the provisions of this Agreement, may be taxed in Korea, Singapore shall, subject to its laws regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, allow the Korean tax paid, whether directly or by deduction, as a credit against the Singapore tax payable on the income of that resident. The amount of credit shall not, however, exceed that part of Singapore tax as computed before the credit is given, which is appropriate to that income. Where such income is a dividend paid by a company which is a resident of Korea to a resident of Singapore which is a company owning directly or indirectly not less than 25 per cent of the share capital of the first-mentioned company, the credit shall take into account the Korean tax paid by that company on the portion of its profits out of which the dividend is paid.

4. For the purpose 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 Agreement 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 per cent of the gross amount of the dividends in the case of paragraph 2(*a*) of Article 10;

(ii) 15 per cent of the gross amount of the dividends in the case of paragraph 2(*b*) of Article 10; and

(*b*) 5 per cent of the gross amount of the royalties in the case of paragraph 2 of Article 12.

ARTICLE 22 — NON-DISCRIMINATION

1. 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, in particular with respect to residence, are or may be subjected.

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 other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal

THE SCHEDULE — *continued*

allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 8 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. For the purposes of this paragraph, it is understood that, for the purposes of allowing deduction of an interest payment to a non-resident, nothing in this paragraph shall prevent a Contracting State from disallowing a deduction of such interest payment if tax is not withheld on the payment.

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 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 the first-mentioned State are or may be subjected.

5. The provisions of this Article shall apply to the taxes which are the subject of this Agreement.

ARTICLE 23 — MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of this Agreement, that person may, irrespective of the remedies provided by the domestic law of those States, present the case to the competent authority of the Contracting State of which that person is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

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 a satisfactory 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 which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

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 Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

THE SCHEDULE — *continued*

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 24 — EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

(*a*) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;

(*b*) to supply information which is 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 (ordre public).

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

THE SCHEDULE — *continued*

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

ARTICLE 25 — MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

ARTICLE 26 — ENTITLEMENT TO BENEFITS

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.

ARTICLE 27 — ENTRY INTO FORCE

1. Each of the Contracting States shall notify to the other the completion of the procedures required by its law for the bringing into force of this Agreement.

2. The Agreement shall enter into force on the fifteenth day after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect:

(*a*) in Korea:

(i) in respect of taxes withheld at source, for amounts payable on or after the first day of January in the first calendar year following that in which this Agreement enters into force;

(ii) in respect of other taxes, for the taxable year beginning on or after the first day of January in the first calendar year following that in which this Agreement enters into force; and

(iii) in respect of Article 24, to requests made on or after the date of entry into force of the Agreement;

THE SCHEDULE — *continued*

(*b*) in Singapore:

(i) with regard to taxes withheld at source, in respect of amounts paid, deemed to be paid or liable to be paid (whichever is the earliest) on or after the first day of January of the calendar year next following the year in which the Agreement enters into force;

(ii) with regard to taxes chargeable (other than taxes withheld at source), in respect of income for any year of assessment beginning on or after the first day of January of the second calendar year following the year in which the Agreement enters into force; and

(iii) in respect of Article 24, to requests made on or after the date of entry into force of the Agreement.

3. The 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 (with Protocol), signed at Singapore on 6 November 1979 (as amended by the Protocol signed at Singapore on 24 May 2010), shall cease to be effective with respect to the taxes to which the provisions of this Agreement apply, in accordance with the provisions of paragraph 2.

ARTICLE 28 — TERMINATION

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

(*a*) in Korea:

(i) in respect of taxes withheld at source, for amounts payable on or after the first day of January in the first calendar year following that in which the notice is given;

(ii) in respect of other taxes, for the taxable year beginning on or after the first day of January in the first calendar year following that in which the notice is given; and

(iii) in all other cases, after the end of that calendar year in which the notice is given;

THE SCHEDULE — *continued*

(*b*) in Singapore:

(i) with regard to taxes withheld at source, in respect of amounts paid, deemed to be paid or liable to be paid (whichever is the earliest) after the end of that calendar year in which the notice is given;

(ii) with regard to taxes chargeable (other than taxes withheld at source), in respect of income for any year of assessment beginning on or after the first day of January of the second calendar year following that calendar year in which the notice is given; and

(iii) in all other cases, after the end of that calendar year in which the notice is given.

In witness whereof, the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Singapore this 13th day of May 2019, in the Korean and English languages, all two texts being equally authentic.

For the Government of the Republic of Singapore	For the Government of the Republic of Korea
Ng Wai Choong	Ahn Young-jip
Commissioner of Inland Revenue	Ambassador Extraordinary and Plenipotentiary of the Republic of Korea to the Republic Of Singapore

THE SCHEDULE — *continued*

PROTOCOL

At the moment of signing the Agreement between the Government of the Republic of Singapore and the Government of the Republic of Korea for the elimination of double taxation with respect to taxes on income and the prevention of tax evasion and avoidance, the undersigned have agreed that the following provisions shall form an integral part of the Agreement.

1. With respect to paragraphs 1 and 2 of Article 7, it is understood that, in the case of contracts for the survey, supply, installation or construction of industrial, commercial or scientific equipment or premises, or of public works, when the enterprise has a permanent establishment, the profits of such permanent establishment shall not be determined on the basis of the total amount of the contract, but shall be determined only on the basis of that part of the contract which is effectively carried out by the permanent establishment in the State where the permanent establishment is situated. The profits related to that part of the contract which is carried out by the head office of the enterprise shall be taxable only in the State of which the enterprise is a resident.

2. With respect to Articles 10, 11 and 12, it is understood that, for the purpose of determining the beneficial owner of dividends, interest or royalties under those provisions, the Commentary to Articles 10, 11 and 12 of the OECD Model Tax Convention, as it read on 15 July 2014, shall be followed.

3. With respect to Article 22, where a Contracting State grants tax incentives to its nationals designed to promote economic or social development in accordance with its national policy and criteria, it shall not be construed as discrimination under this Article.

4. With respect to this Agreement, the term "statutory body" means a body constituted by statute and performing only non-commercial functions which would otherwise be performed by the Government of a Contracting State.

In witness whereof, the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Singapore this 13th day of May 2019, in the Korean and English languages, all two texts being equally authentic.

For the Government of the Republic of Singapore	For the Government of the Republic of Korea
Ng Wai Choong	Ahn Young-jip
Commissioner of Inland Revenue	Ambassador Extraordinary and Plenipotentiary of the Republic of Korea to the Republic Of Singapore

Made on 10 December 2019.

TAN CHING YEE
Permanent Secretary,
Ministry of Finance,
Singapore.

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