

Convention between the Government of
the Republic of Korea and the Government of the Kingdom of Denmark
for the Avoidance of Double Taxation
with Respect to Taxes on Income

Signed at Seoul October 11, 1977
Entered into force January 7, 1979

The Government of the Republic of Korea and the Government of the Kingdom of Denmark,
Desiring to conclude a Convention, for the avoidance of double taxation with respect to taxes on
income,

Have agreed as follows :

Article 1. **【Personal Scope】** [1979.01.07]

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

Article 2. **【Taxes Covered】** [1979.01.07]

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

(a) In the case of Korea:

- (1) The income tax.
- (2) The corporation tax and
- (3) The inhabitant tax

(hereinafter referred to as "Korean tax").

(b) In the case of Denmark:

- (1) The income tax to the State (indkomstskatten til staten);
- (2) The municipal income tax (den kommunale indkomstskat);
- (3) The income tax to the country municipalities (den amtskommunale indkomstskat);
- (4) The old age pension contributions (folkepensionsbidragene);
- (5) The seamen's tax (somandsskatten);
- (6) The special income tax (den særlige indkomstskat);
- (7) The tax on dividends (udbytteskatten) and
- (8) The contribution to the sickness "per diem" fund (bidrag til dagpengefonen).

(hereinafter referred to as "Danish tax").

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

Article 3. **【General Definitions】** [1979.01.07]

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

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

(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 subsoil 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 resource of such area;

(c) the terms "Denmark" means the Kingdom of Denmark, including any area within which, under the laws of Denmark and in accordance with international law, the sovereign rights of Denmark with respect to the exploration and exploitation of the natural resources of the Continental Shelf may be exercised; the term does not comprise the Faroe Islands and Greenland;

(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 "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;

(g) the term "nationals" means:

(1) all individuals possessing the nationality of a Contracting State;

(2) all legal persons, partnerships and associations deriving their status as such from the law in force in a Contracting State;

(h) 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,

() the term "tax" means Korean tax or Danish tax, as the context requires.

(j) the term "competent authority" means:

(1) in the case of Korea, the Minister of Finance or his authorised representative;

(2) in the case of Denmark, the Minister for Inland Revenue, Customs and Excise or his authorised representative.

2. As regards the application of the Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws

of that Contracting State relating to the taxes which are the subject of the Convention.

Article 4. **【Fiscal Domicile】** [1979.01.07]

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of head or main office, place of management or any other criterion of a similar nature. But the term does not include any person who is liable to tax in that Contracting State in respect only of income from sources therein.

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

(a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest (center of vital interests);

(b) If the Contracting State in which he has his center of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

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

(d) If he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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

Article 5. **【Permanent Establishment】** [1979.01.07]

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

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

(a) a place of management;

(b) a branch;

(c) an office;

(d) a factory;

(e) a workshop;

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

(g) a building site or construction, installation or assembly project where such site or project exists for more than six months;

(h) the provision of activities of personal services such as supervisory, technical or any other professional services in connection with a building site or construction, installation or assembly project which exists for more than six months;

(i) an installation used for exploration of natural resources which exists for more than six months.

3. Contrary to the provisions of paragraph 1, 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 a Contracting State on behalf of an enterprise of the other Contracting 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 or the collection of information for the enterprise.

5. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other 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 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】** [1979.01.07]

1. Income from immovable property including income from agriculture or forestry may be taxed in the Contracting State in which such property is situated.

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

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

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

Article 7. **【Business Profits】** [1979.01.07]

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.

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】** [1979.01.07]

1. Profits from the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting states shall be exempt from tax in the other Contracting State.

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

Article 9. **【Associated Enterprises】** [1979.01.07]

Where

(a) an enterprise of a Contracting State participates directly or in directly in the management, control or capital of an enterprise of the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 10. **【Dividends】** [1979.01.07]

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

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident and according to the law of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

3. This paragraph 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, mining shares, founders 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 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 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 by virtue of which the dividends are paid is effectively connected with such permanent establishment. In such a case, the provisions of Article 7 shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company 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, nor subject 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】** [1979.01.07]

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

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 15 per cent of the amount of the interest.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to the Government of the other Contracting State 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 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, as well as 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 Contracting States, 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 a case the provisions of Article 7 shall apply.

6. Interest shall be deemed to arise in a Contracting 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 a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

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 Contracting State, due regard being had to the other provisions of this Convention.

Article 12. **【Royalties】** [1979.01.07]

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

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

- (a) 10 per cent of the gross amount of such royalties in the case of industrial investment; and
- (b) 15 per cent of the gross amount of such royalties in all other cases.

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 tapes for television or broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment (including ships or aircraft leased under a bare boat charter contract) or for 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 Contracting States, 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 a case, the provisions of Article 7 shall apply.

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

Article 13. 【Capital Gains】 [1979.01.07]

1. Gains from the alienation of immovable property as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) may be taxed in the other State.

3. Notwithstanding the provisions of paragraph 2, gains derived by a resident of one of the Contracting 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 exempt from tax of the other Contracting State.

4. Gains from the alienation of any property other than those mentioned in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14. 【Personal Services】 [1979.01.07]

1. Subject to the provisions of Articles 15, 17, 18, 19 and 20, income or remuneration derived by a resident of a Contracting State in respect of personal services (including professional services) shall be taxable only in that State unless the services are rendered in the other Contracting State. If the services are so rendered, such income or remuneration as is derived therefrom may be

taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, income or remuneration derived by a resident of a Contracting State in respect of services rendered 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, and

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

(c) the income or remuneration is not borne by a permanent establishment which the person paying the remuneration has in the other State.

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

Article 15. **【Directors' Fees】** [1979.01.07]

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

Article 16. **【Artistes and Athletes】** [1979.01.07]

1. Notwithstanding the Provisions of Article 14 income derived by entertainer, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2. Where income in respect of personal activities as such of an entertainer or athlete accrues not to that entertainer or athlete himself but to another person that income may, notwithstanding the provisions of Articles 7 and 14, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

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

Article 17. **【Pensions and Payments under Public Social Security Schemes】** [1979.01.07]

Pensions and Payments under Public Social Security Schemes

1. Pensions and other remuneration for past employment from sources within a Contracting State

and paid to a resident of the other Contracting State may be taxed in the first-mentioned State.

2. Notwithstanding the provisions of paragraph 1, payments made under the Public Social Security Scheme of a Contracting State, shall be taxable only in that State.

Article 18. **【Government Services】** [1979.01.07]

1. (a) Remuneration, including pension, paid by or out of funds created by a Contracting State, political subdivision or a local authority thereof to any individual in the discharge of functions of a governmental nature shall be taxable only in that State.

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

() is a national of that State, or

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

2. The provisions of Articles 14, 15 and paragraph 1 of Article 17 shall apply to remuneration and pensions in respect of services rendered in connection with any trade or business carried on by a Contracting State or a political subdivision or a local authority thereof.

3. The provision of paragraph 1 shall likewise apply in respect of remuneration or pension paid, in the case of Korea, by the Bank of Korea, Korea Exchange Bank, Korea Trade Promotion Corporation and other government owned institution performing functions of a governmental nature, in the case of Denmark by the National Bank of Denmark and other government owned institution performing functions of a governmental nature.

Article 19. **【Professors and Teachers】** [1979.01.07]

An individual who is a resident of a Contracting State at the beginning of his visit to the other Contracting 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.

Article 20. **【Students and Trainees】** [1979.01.07]

1. An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State for a period not exceeding five

years solely as a student at a university, college, school or other similar educational institution in that other State or as an approved business apprentice shall, from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State:

(a) on all remittances from abroad for purposes of his maintenance, education or training, and

(b) any remuneration not exceeding 20,000 Danish Crowns or the equivalent in Korean currency for the calendar year for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes.

2. An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State solely for the purpose of study, research or training, 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 the Government of a Contracting State shall, from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State

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

(b) on all remittances from abroad for the purposes of his maintenance, education or training, and

(c) for a period not exceeding in the aggregate 5 years on any remuneration not exceeding 20,000 Danish Crowns or the equivalent in Korean currency for the calendar year for personal services rendered in that other Contracting State provided that such services are in connection with his study, research, training or incidental thereto.

Article 21. **【Elimination of Double Taxation】** [1979.01.07]

1. Subject to the provisions of the law of Denmark regarding the allowance as a credit against Danish tax of tax payable in a territory outside Denmark (which shall not affect the general principle hereof):

(a) Korean tax payable under the laws of Korea and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Korea (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any Danish tax computed by reference to the same profits, income or chargeable gains by reference to which the Korean tax is computed.

(b) in the case of a dividend paid by a company which is a resident of Korea to a company which is a resident of Denmark and which controls directly or indirectly at least 25 per cent of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Korean tax creditable under the provisions of sub- paragraph (a) of this paragraph) the Korean tax payable by the company in respect of the profits out of which such dividend is paid.

2. Subject to the provisions of Korean tax law regarding the allowance as a credit against Korean tax of tax payable in any country other than Korea(which shall not affect the general principle hereof), the Danish tax payable under the laws of Denmark and in accordance with this Convention,

whether directly or by deduction, in respect of income from sources within Denmark shall be allowed as a credit against Korean tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Denmark to a company which is a resident of Korea and which owns directly or indirectly at least 25 per cent of the capital of the company paying the dividend, the credit shall take into account the Danish tax payable by the former company in respect of its profits.

3. For the purposes of paragraphs 1 and 2 of this Article, profits, income and capital gains owned by a resident of a Contracting State which may be taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other Contracting State.

4. For the purpose of paragraph 1 of this Article, the term "Korean tax payable" shall be deemed to include any amount which would have been payable under Korean tax law for any year but for an exemption or reduction of tax granted for that year or any part thereof under:

(a) Article 15 and Article 24 of the Foreign Capital Inducement Law of Korea (so far as they were in force on and have not been modified since the date of signature of this Convention, or have been modified only in minor respects so as not to affect their general character), in any case where the induced capital, loan or technology in question is certified by the competent authority of Korea as being for the purpose of promoting new industrial, commercial, scientific or educational development in Korea; or

(b) any other provision which may subsequently be made granting an exemption or reduction of tax which is agreed by the competent authorities of the Contracting States to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

Article 22. **【Non-Discrimination】** [1979.01.07]

1. The nationals of a Contracting State, whether or not they are residents of one of the Contracting States, shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably 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 allowances, reliefs and reductions for taxation purpose on account of civil status of family responsibilities which it grants to its own residents.

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

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

Article 23. **【Mutual Agreement Procedure】** [1979.01.07]

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

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

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

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

5. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of the limitations in Articles 10, 11 and 12

Article 24. **【Exchange of Information】** [1979.01.07]

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention or of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is not contrary to this Convention. Any information received 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) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of the Convention.

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

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

(b) to supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

(c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (order public).

Article 25. 【Diplomatic and Consular Officials】 [1979.01.07]

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 26. 【Territorial Extension】 [1979.01.07]

This Convention may be extended, either in its entirety or with any necessary modifications, to any part of the territory of Denmark which is specifically excluded from the application of the Convention and which imposes taxes substantially similar in character to those to which the 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 between the Contracting States in notes to be exchanged through diplomatic channels.

Article 27. 【Entry into Force】 [1979.01.07]

1. The Governments of the Contracting States shall notify to each other that the constitutional requirements for the entry into force of this Convention have been complied with.

2. This Convention shall enter into force 30 days after the date of the latter of the notifications referred to in paragraph 1 and its provisions shall have effect:

(a) in respect of income not dealt with in Article 18, arising on or after January 1st in the calendar year in which the Convention is signed and

(b) in respect of income dealt with in Article 18, arising on or after January 1st in the calendar year 1973.

Article 28. 【Termination】 [1979.01.07]

This Convention shall continue in effect indefinitely but either of the Contracting State may, on or before the thirtieth day of June in any calendar year beginning after the expiration of a period of

five years from the date of its entry into force, give to the other Contracting State, through diplomatic channels, written notice of termination and, in such event, this Convention shall cease to be effective in respect of income arising on or after January 1st in the calendar year next following that in which the notice of termination is given.

DONE in duplicate at Seoul this 1th day of October 1977 in the English language.

FOR THE GOVERNMENT OF THE REPUBLIC OF KOREA
FOR THE GOVERNMENT OF THE KINGDOM OF DENMARK

[1979.01.07]

PROTOCOL

At the moment of signing the Convention between the Government of the Republic of Korea and the Government of the Kingdom of Denmark for the Avoidance of Double Taxation with respect to Taxes on Income, the undersigned have agreed that the following provisions shall form an integral part of the Convention

1. With reference to Article 2

It is understood that the term "Korean tax" in subparagraph (a) of paragraph 1 of Article 2, includes the Korean defense surtax and that the inhabitant tax in the sub-paragraph is the pro rata income tax.

2. With reference to Article 8

It is understood that with respect to profits derived by the Danish, Norwegian and Swedish air transport consortium, known as the Scandinavian Airlines System (SAS), the provisions of Paragraph 1 of Article 8 shall only apply to such part of the profits as corresponds to the shareholding in the consortium held by Det Danske Luftfartsselskab (DDL), the Danish partner of Scandinavian Airlines System (SAS).

3. With reference to Article 12

It is understood that royalties in the meaning of subparagraph (a) of paragraph (2) of Article 12 are those which are paid for- the use of, or the right to use, any patent, design, model, plan, secret formula or process for industrial purposes, or for information concerning industrial or scientific experience.

4. With reference to Article 14

It is understood that where a resident of Denmark derives remuneration in respect of an employment exercised aboard on aircraft operated in international traffic by the Scandinavian Airlines System (SAS) consortium, such remuneration shall be taxable only in Denmark.

5. With reference to Article 19

It is understood that Article 19 is applicable only if an individual who is a resident of a Contracting State at the beginning of his visit to the other Contracting State is subject to tax as a resident in

the first-mentioned Contracting State.

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

Done at Seoul, this 11th day of October 1977, in duplicate, in the English language.

FOR THE GOVERNMENT OF FOR THE GOVERNMENT OF
THE REPUBLIC OF KOREA THE KINGDOM OF DENMARK
