

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

Signed at Seoul November 19, 1992

Entered into force August 24, 1995

The Government of the Republic of Korea and the Government of the Russian Federation,  
Desiring to promote and strengthen the development of economic, scientific, technical and cultural  
cooperation between both States and for purposes of the avoidance of double taxation with respect  
to taxes on income,

Have agreed as follows:

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Article 1. **【Personal Scope】** [1995.08.24]

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

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Article 2. **【Taxes Covered】** [1995.08.24]

1.This Convention shall apply to taxes on income or part of total income imposed in accordance  
with the legislation of each of the Contracting States, irrespective of the manner in which they are  
levied.

2.The taxes, to which the Convention shall apply, are:

(a)in the case of the Republic of Korea - "the income tax", "the corporation tax" and "the  
inhabitant tax" imposed in accordance with the Laws of the Republic of Korea; (hereinafter referred  
to as "the Korean tax");

(b)in the case of the Russian Federation - the taxes on income and profits imposed in  
accordance with the Laws of the Russian Federation "On taxes on profits of enterprises and  
organizations", "On taxation of income of banks", "On taxation on income from insurance activities"  
and "On the income tax on individuals";(hereinafter referred to as "the Russian tax").

3.This 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 referred to in paragraph 2 of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

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Article 3. **【General Definitions】** [1995.08.24]

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

(a) the terms "a Contracting State" and "the other Contracting State" mean the Republic of Korea or the Russian Federation (Russia), as the context requires;

(b) the term "the Republic of Korea" means, when used in geographical sense, its territory, including its territorial sea, and also its economic zone and continental shelf in which this State for certain purposes may exercise sovereign rights and jurisdiction in accordance with international law and in which its laws relating to taxes are applicable;

(c) the term "the Russian Federation", when used in geographical sense, means its territory, including its territorial waters as well as economic zone and continental shelf where this State exercises sovereign rights and jurisdiction in conformity with international law and where its tax laws are effective;

(d) the term "person" means 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 term "international traffic" means any transport by a ship, a boat, an aircraft or any other means of transportation operated by a resident of a Contracting State, when the transportation takes place solely between places in different Contracting States;

(g) the term "competent authority" means:

( ) in the case of the Republic of Korea - the Minister of Finance or his authorized representative;

( ) in the case of the Russian Federation - the Ministry of Finance or its authorised representative.

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

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Article 4. **【Resident】** [1995.08.24]

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

2. Where, by reason of the provisions of paragraph 1 of this Article, a person other than an individual is a resident of both Contracting States, the main criterion of its residence will be considered the place where its effective management is situated. In case of doubt the competent authorities of the Contracting States will settle this question by mutual agreement.

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

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

b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the 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 each Contracting State considers him to be its national or if he is a national of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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Article 5. **【Permanent Establishment】** [1995.08.24]

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of a resident is wholly or partly carried out in the other Contracting State.

2. The term "permanent establishment" includes especially:

(a) a place of management;

(b) a branch;

(c)an office;

(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, a construction, assembly or installation project, a drilling rig, or a ship used for the exploration and exploitation of natural resources shall constitute a permanent establishment only if the duration of works connected therewith exceeds 12 months. Competent authorities of the Contracting States in which such works are exercised may, on the basis of an application submitted by the relevant persons in exceptional cases, consider that such activity does not constitute a permanent establishment also in cases where the activities continue for more than 12 months but not more than 24 months.

4.Notwithstanding the previous provisions of this Article the following types of activity of a resident of a Contracting State shall not be deemed as carried on in the other Contracting State through a permanent establishment:

(a)the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to this resident;

(b)the maintenance of a stock of goods of merchandise belonging to this resident solely for the purpose of storage, display or delivery;

(c)the maintenance of a stock of goods or merchandise, belonging to this resident solely for the purpose of processing by another person;

(d)the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for this resident;

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

(f)the maintenance of a fixed place of business solely for the purpose of facilitation of conclusion or mere signing contracts on behalf of this resident;

(g)the maintenance of a fixed place of business solely for the purpose of carrying on any combination of activities mentioned in subparagraphs a) to f).

5. Notwithstanding the provisions of paragraphs 1 and 2, where a resident of one Contracting State carries on the activities in the other Contracting State through an agent, that person shall be deemed to have a permanent establishment in that other State in respect of any activities which the agent undertakes for that person, if the agent meets each of the following conditions:

(a) he has an authority to conclude contracts in that other state in the name of that person;

(b) he habitually exercises that authority;

(c) he is not an agent of an independent status to whom the provisions of paragraph 6 of this Article apply;

(d) his activities are not limited to those mentioned in paragraph 4 of this Article.

6. A resident 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, 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.

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Article 6. **【Income from Immovable Property】** [1995.08.24]

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. 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 of this Article shall also apply to the income from immovable property of a resident of a Contracting State and to income from immovable property used for the performance of independent personal services

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Article 7. **【Business Profits】** [1995.08.24]

1. The profits of a resident of a Contracting State shall be taxable only in that State unless the

resident carries on business in the other Contracting State through a permanent establishment situated therein. If the resident carries on business as aforesaid, the profits of the resident 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 of this article, where a resident of a Contracting State carries on any business activities 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 person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the resident of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment. There shall be allowed a reasonable allocation between a resident of a Contracting State and its permanent establishment situated in the other Contracting State, of properly documented expenses. Such expenses include executive and general administrative expenses, research and development expenses, interest and charges for management consultancy or technical assistance incurred either in the State in which the permanent establishment is situated or elsewhere.

4. For the purposes of applying the provisions 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.

5. No business profits shall be attributed to a permanent establishment of a person who is a resident of one Contracting State by reason of a mere purchase by the permanent establishment of goods or merchandise for that person.

6. 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.

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Article 8. **【International Traffic】** [1995.08.24]

1. Profits (or income) of a resident of a Contracting State from the operation of ships, boats, aircraft or any other means of transportation shall be taxable only in that State.

2. For the purpose of this Convention, profits (or income) from international traffic shall include profits (or income) from the direct use, profits (or income) from the lease or use in any other means of transportation, mentioned in paragraph 1 of this Article including profits (or income) from the use, maintenance and lease of containers and other related equipment.

3.The provisions of paragraphs 1 and 2 shall also apply to profits (or income) from the participation in a pool, a joint business or an international transport agency.

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Article 9. 【 】 [1995.08.24]

Adjustments to Income in Cases Where Persons Participate, Directly or Indirectly, in the Management, Control or Capital of Other Persons Where:

(a)a person which is a resident of a Contracting State participates directly or indirectly in the management, control or capital of a person which is a resident of the other Contracting State, or

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

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Article 10. 【Dividends】 [1995.08.24]

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

(a)5 percent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 30 percent of the capital of the company paying the dividends and invests not less than 100,000 USD or equivalent amount of local currencies to the company paying the dividends;

(b)10 percent 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. In the case of the Russian Federation, this term includes, in particular, profits distributed to the foreign participants of an enterprise with foreign

investments created under the law of the Russian Federation.

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, or performs in that other State independent personal services from a fixed base situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or 14, as the case may be, 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 or a fixed base 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 undistributed profits consist wholly or partly of profits or income arising in such other State.

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Article 11. **【Interest】** [1995.08.24]

1.Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

2.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.

3.The provisions of paragraph 1 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, or performs in that other State independent personal services from a fixed base situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or 14 of this Convention, as the case may be, shall apply.

4.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 Convention.

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Article 12. **【Royalties】** [1995.08.24]

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

2.However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 5 percent 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 for radio or television 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, 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, or performs in that other state independent personal services through a fixed base situated therein and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or 14 of this Convention shall apply.

5.Royalties shall be deemed to arise in a Contracting State when the payer is the Government of that Contracting State, a local authority thereof or a resident of that Contracting 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 or fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base 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 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such a 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 Convention.

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Article 13. **【Capital Gains】** [1995.08.24]

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

2.Gains derived from the alienation of movable property forming part of property of a permanent establishment which a resident of a Contracting State has in the other Contracting State or of movable property pertaining to fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment or of such a fixed base, may be taxed in that other Contracting State. The term "movable property" means property which is recognised as such by the legislation of the Contracting State where such property is located.

3.Gains derived from the alienation of ships, boats, aircraft and other means of transportation operated in international traffic or movable property pertaining to such operation shall be taxable only in the Contracting State of which the alienator is a resident.

4.Gains derived from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.

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Article 14. **【Independent Personal Services】** [1995.08.24]

1.Income derived by an individual who is a resident of a Contracting State from the performance of independent professional services shall be taxable only in that State, unless

(a)such services are performed or were performed in the other Contracting State; and

(b)the income is attributable to a fixed base which the individual has or had regularly available to him in that other Contracting State; and

(c)such individual is present or was present in the other State for a period or periods exceeding in the aggregate 183 days in the calendar year. In such a case, the income attributable to that fixed base may be taxed in that other State in accordance with principles similar to those of Article 7 (Business Profits) for determining the amount of business profits and attributing business profits to a permanent establishment.

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

engineers, architects, dentists and accountants.

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Article 15. **【Dependent Personal Services】** [1995.08.24]

1. Subject to the provisions of Articles 16, 18, 19 and 20 of this Convention 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 Contracting State, unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration may be taxed in that other Contracting 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 Contracting State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and

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

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

3. Notwithstanding the provisions of this Article, remuneration in respect of an employment exercised aboard a ship, boats, aircraft or any other means of transportation operated in international traffic by a resident of a Contracting State, shall be taxable only in that State.

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Article 16. **【Directors' fees】** [1995.08.24]

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

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Article 17. **【Artists and Athletes】** [1995.08.24]

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

2. Where income in respect of personal activities exercised by an artist or an athlete in his capacity

as such accrues not to the artist or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the artist or athlete are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2, income derived by artists or athletes who are residents of a Contracting State from the activities exercised in the other Contracting State under an agreement of cultural exchange between the Governments of both Contracting States shall be exempt from tax in that other Contracting State.

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Article 18. **【Pensions】** [1995.08.24]

1. Any pension paid by, or out of funds created by, a Contracting State, its subdivision or local authority thereof to an individual in respect of services rendered to that State shall be taxable only in that Contracting State. However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

2. All the other types of pensions and similar remunerations paid to a resident of a Contracting State in consideration of past activities may be taxed only in that Contracting State.

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Article 19. **【Government Service】** [1995.08.24]

1. Remuneration, excluding a pension, paid by the Government of a Contracting State, or subdivision or local authority of the Republic of Korea or any republic or local authority of Russia to an individual in respect of services rendered in the discharge of functions of governmental nature shall be taxable only in that State.

2. However, remuneration mentioned in paragraph 1 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:

(a) is a national of that State; or

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

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to, and the provisions of Articles 15, 16 and 18 shall apply to remuneration paid by a Contracting State or its subdivision or a local authority thereof if such remuneration is paid in respect of services rendered in connection with any business activities carried on in the other Contracting State.

4. The provisions of paragraphs 1 and 2 of this Article shall likewise apply in respect of remuneration paid, in the case of the Republic of Korea, by the Bank of Korea, the Export-Import Bank of Korea, the Korea Development Bank, the Korea Trade Promotion Corporation and other

government owned institutions performing functions of a governmental nature, and in the case of Russia, by the Central Bank of the Russian Federation.

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Article 20. **【Teachers, Researchers, Students and Business Apprentices】** [1995.08.24]

Notwithstanding the provisions of the corresponding Articles of this Convention,

(a)an individual who is or was a resident of a Contracting State immediately before making a visit to the other Contracting State, and who, at the invitation of any university, college, school or other similar educational institution, which is recognised as nonprofitable by the Government of the other State in accordance with its laws and regulations, visits that other State for a period not exceeding two years from the date of his first arrival in that other State, solely for the purpose of teaching or research or both at such educational institution, shall be exempt from tax in that other State on his remuneration for such teaching or research.

(b)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 his education or training receives for the purpose of his maintenance, education or training, shall not be taxed in the first- mentioned State, provided that such payments arise from sources outside that State.

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Article 21. **【Other Income】** [1995.08.24]

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

2.The provisions of paragraph 1 of this Article 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, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or 14, as the case may be, shall apply.

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Article 22. **【Elimination of Double Taxation】** [1995.08.24]

1.In the case of a resident of the Republic of Korea, double taxation shall be avoided as follows:Subject to the provisions of the tax law of the Republic of Korea regarding the allowance as a credit against the Korean tax of tax payable in any country other than the Republic of Korea (which shall not affect the general principle hereof), the Russian tax payable (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) under the

laws of the Russian Federation and in accordance with this Convention, whether directly or by deduction, in respect of income from sources within Russia, shall be allowed as a credit against the Korean Tax payable in respect of that income. The credit shall not, however, exceed that proportion of the Korean tax which the income from sources within Russia bears to the entire income subject to the Korean tax.

2. In the case of a resident of Russia, double taxation shall be avoided as follows: Where a resident of the Russian Federation derives income from the Republic of Korea which, in accordance with the provisions of this Convention, may be taxed in the Republic of Korea, the amount of tax on that income payable in the Republic of Korea may be credited against the tax levied in Russia imposed on that resident. The amount of credit, however, shall not exceed the amount of the tax of Russia on that income computed in accordance with its taxation laws and regulations.

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Article 23. **【Non-Discrimination】** [1995.08.24]

1. Individuals which are nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or requirement connected therewith, which is other or more burdensome than the taxation or requirement connected therewith to which nationals of that other Contracting State in the same circumstances are or may be subjected. 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 deductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

2. A resident of a Contracting State which has a permanent establishment in the other Contracting State shall not, in that other State and with respect to income attributable to that permanent establishment, be subjected to more burdensome taxes than are generally imposed on residents of that other State or of a third state carrying on the same activities.

3. Except where the provisions of Article 9, paragraph 4 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by a resident of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of the first-mentioned resident, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.

4. A company which is a resident 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 companies which are residents of the first-mentioned State under the same conditions are or may be subjected.

5.The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

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Article 24. **【Mutual Agreement Procedure】** [1995.08.24]

1.Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the Contracting State of which he is a national. 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 Convention.

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 Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic laws 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 Convention. They may also consult together for the elimination of double taxation, in cases not provided for in this Convention.

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

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Article 25. **【Exchange of Information】** [1995.08.24]

1.The competent authorities of the Contracting States shall exchange information necessary for implementation of the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is not contrary to this Convention. Any information received by a Contracting State shall be treated as confidential 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 covered by the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in court decisions.

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 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.

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Article 26. **【Diplomatic Agents and Consular Officers】** [1995.08.24]

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

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Article 27. **【Entry into Force】** [1995.08.24]

1. This Convention shall be subject to ratification in each Contracting State.

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

(a) in respect of tax withheld at source, for amounts paid or credited on or after the first day of January in the calendar year, following the year in which the Convention enters into force;

(b) in respect of other income taxes, for taxable period beginning on or after the first day of January in the calendar year, following the year in which the convention enters into force.

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Article 28. **【Termination】** [1995.08.24]

This Convention shall remain in force indefinitely, but either of the Contracting States may, on or before the thirtieth day of June in any calendar year from the fifth year following that in which the instruments of ratification have been exchanged, give to the other Contracting State, through diplomatic channels, written notice of termination, and in such event, this Convention shall cease to have effect:

(a) in respect of tax withheld at source, for amounts paid or credited on or after the first day of January in the calendar year next following that in which the notice is given; and



(b)in respect of other taxes, for taxation years beginning on or after the first day of January in the calendar year next following that in which the notice is given.

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

Done at Seoul, this 19th day of November of the year one thousand nine hundred and ninety-two, in duplicate each, in the Korean, Russian and English languages, all texts being equally authentic. In case of any divergence of interpretations, interpretation shall be made in accordance with the English text.

FOR THE GOVERNMENT OF THE REPUBLIC OF KOREA :

FOR THE GOVERNMENT OF THE RUSSIAN FEDERATION :

/Sgd./ /Sgd./

Lee Sang-ock      Andrei Kozyrev

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