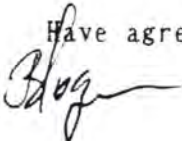


GOVERNMENT OF THE
CONVENTION BETWEEN THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE REPUBLIC OF GOVERNMENT OF THE
KOREA FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION WITH
RESPECT TO TAXES ON INCOME

The Government of the Union of Soviet Socialist Republics and the Government
of the Republic of Korea,

Desiring to promote the development of economic, scientific, technical and
cultural cooperation between both States and to conclude a Convention for the
avoidance of double taxation and the prevention of fiscal evasion with respect
to taxes on income,

Have agreed as follows:



ARTICLE 1

PERSONAL SCOPE

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



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ARTICLE 2

TAXES COVERED

1. The taxes to which this Convention shall apply are:

a) In the case of the Republic of Korea:

(i) the income tax;

(ii) the corporation tax; and

(iii) the inhabitant tax,

(hereinafter referred to as "the Korean Tax");

b) In the case of the Union of Soviet Socialist Republics:

(i) the individual income tax;

(ii) the tax on profits of foreign legal persons;

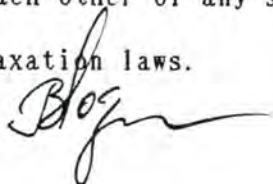
(iii) the tax on profits of joint ventures with foreign investments;

(iv) the tax on income of foreign participants of joint ventures and of foreign legal persons;

(v) other taxes on income and profits provided by the tax laws of the Union of Soviet Socialist Republics

(hereinafter referred to as "the Soviet Tax")

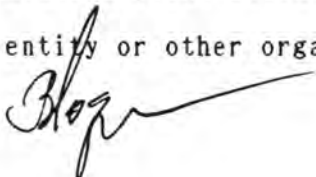
2. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes referred to in paragraph 1 of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.



ARTICLE 3

GENERAL DEFINITIONS

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 Union of Soviet Socialist Republics (the USSR) as the context requires;
 - b) the term "the Republic of Korea" means, when used in geographical sense, the territory of the Republic of Korea including the territorial sea, and also its economic zone and continental shelf in which the Republic of Korea for certain purposes may exercise sovereign rights and jurisdiction in accordance with international law and in which the laws relating to taxes of the Republic of Korea are applicable;
 - c) the term "the USSR" means, when used in geographical sense, the territory of the Union of Soviet Socialist Republics including the territorial sea, and also its economic zone and continental shelf in which the USSR for certain purposes may exercise sovereign rights and jurisdiction in accordance with international law and in which the laws relating to taxes of the USSR are applicable;
 - d) the term "person" includes 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. In the case of the USSR, this term means a joint stock company, a limited liability company or any other legal entity or other organization which is liable to a tax on profits;



f) The term "nationals" means :

i) in the case of the Republic of Korea, all individuals possessing the nationality of the Republic of Korea and all legal persons, partnerships and associations deriving their status as such from the laws in force in the Republic of Korea;

ii) in the case of the USSR, all individuals possessing the citizenship of the USSR and all legal persons deriving their status from the laws in force in the USSR;

g) the term "international traffic" means any transport by a ship, an aircraft or any other means of transportation operated by an enterprise of a Contracting State, except when such transportation takes place solely between places in the other Contracting State;

h) the term "competent authority" means:

i) in the case of the Republic of Korea, the Minister of Finance or his authorized representative;

ii) in the case of the USSR, the Ministry of Finance of the USSR or its authorized representative.

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



ARTICLE 4

RESIDENT

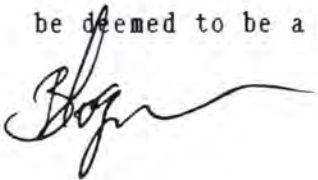
1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of head or main office, place of management or because it was created therein. But this term does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

2. Where by reason of the provisions of paragraph 1 of this Article 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 State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are 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 State, he shall be deemed to be a resident of the State in which he has an habitual abode;

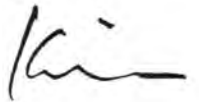
c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;



d) if each 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.

3. 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, then it shall be deemed to be a resident of the 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.

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ARTICLE 5

PERMANENT ESTABLISHMENT

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 on.

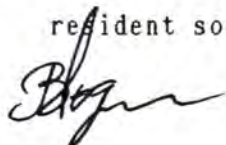
2. The term "permanent establishment" includes especially:

- 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, installation project or supervisory activities connected therewith constitute a permanent establishment only if it lasts more than 24 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 resident;
- b) the maintenance of a stock of goods or merchandise belonging to the resident solely for the purpose of storage, display or delivery;



- c) the maintenance of a stock of goods or merchandise belonging to the 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 the resident;
- e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the resident, 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 subparagraphs 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 of this Article, where a person other than an agent of independent status to whom the provisions of paragraph 6 of this Article apply - is acting in a Contracting State on behalf of a resident of the other Contracting State, has and habitually exercises an authority to conclude contracts in the name of the resident, that resident shall be deemed to have a permanent establishment in the first-mentioned State in respect of any activities which that person undertakes for the resident, unless the activities of such person are limited to those mentioned in paragraph 4 of this Article, 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. 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.



ARTICLE 6

INCOME FROM IMMOVABLE PROPERTY

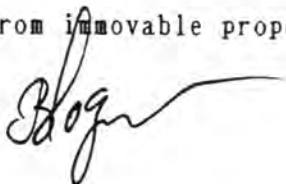
1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. For the purposes of this Convention, the term "immovable property" includes any interest owned or held in tenancy by an individual or any legal entity in land, unsevered products of land as well as any fixture built on that land (buildings, structures, etc.) and other property considered immovable property 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 of this Article 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.



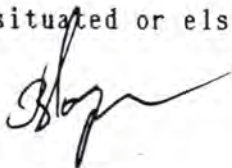
ARTICLE 7

BUSINESS PROFITS

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 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 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 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 resident.

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.

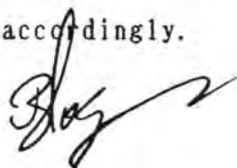
6. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

7. 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.



ARTICLE 8

INTERNATIONAL TRAFFIC

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

2. The provisions of paragraph 1 of this Article shall also apply to profits (income in the case of the USSR) derived from the participation in pool, a joint business or an international operating agency.

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



ARTICLE 9

DIVIDENDS

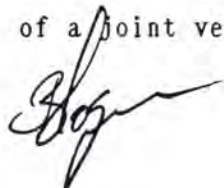
1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may 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 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 20 per cent of the capital of the company paying the dividends;
- b) 10 per cent of the gross amount of the dividends in all other cases.

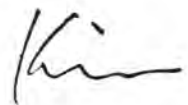
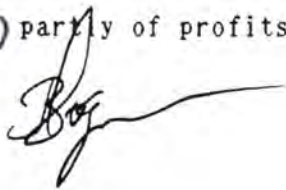
This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

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 Contracting State of which the company making the distribution is a resident. In the case of the USSR the term shall include, in particular, income transmitted abroad to the foreign participants of a joint venture created under the laws of the USSR.



4. The provisions of paragraphs 1 and 2 of this Article 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 Article 13, 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 the undistributed profits consist wholly or partly of profits or income arising in such other State.



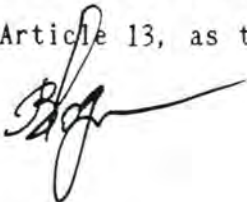
ARTICLE 10

INTEREST

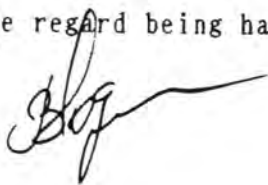
1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

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 of this Article 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 Article 13, 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 11

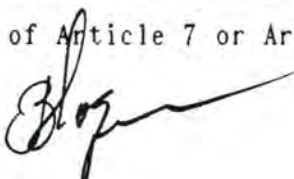
ROYALTIES

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

2. However, such royalties may 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 of this Article 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 from 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 Article 13, as the case may be, shall apply.



5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, its 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 or a 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 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, 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 Convention.





ARTICLE 12

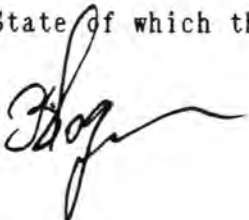
CAPITAL GAINS

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 a resident of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment or of such fixed base, may be taxed in that other State.

3. Gains from the alienation of ships, aircraft or any 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 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.

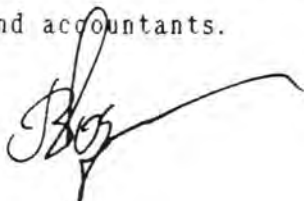


ARTICLE 13

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in that other State but only so much of it as is attributable to that fixed base.

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 and accountants.

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ARTICLE 14

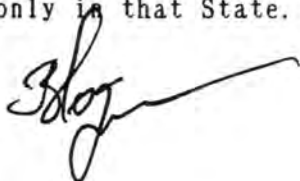
DEPENDENT PERSONAL SERVICES (EMPLOYMENT)

1. Subject to the provisions of Articles 15, 17, 18, 19 and 20, 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 of this Article, 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 fiscal year concerned; and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and
- c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

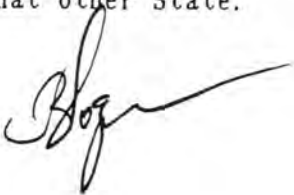
3. Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft operated in international traffic by a resident of a Contracting State, shall be taxable only in that State.



ARTICLE 15

DIRECTORS' FEES

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 of a company which is a resident of the other Contracting State may be taxed in that other State.

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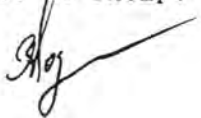
ARTICLE 16

ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Articles 13 and 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 an athlete, from his 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 an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 13 and 14, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Notwithstanding the provisions of paragraph 1 and 2 of this Article, income derived by entertainers or athletes who are residents of a Contracting State from the activities exercised in the other Contracting State under a programme of cultural exchange agreed upon between the Governments of both Contracting States, shall be exempt from tax in that other State.



ARTICLE 17

PENSIONS

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

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ARTICLE 18

GOVERNMENT SERVICE

1. a) Remuneration, other than a pension, paid by a Contracting State or its subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority 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 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) Any pension paid by, or out of funds created by, a Contracting State or its subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

b) 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.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to, and the provisions of Articles 14, 15 and 17 shall apply to, remuneration and pensions paid by a Contracting State or its subdivision or a local authority thereof if such remuneration or pensions are paid in respect of services rendered in connection with any business carried on in the other Contracting State.



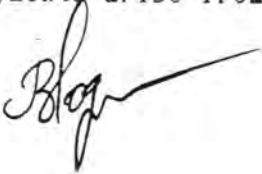
4. The provisions of paragraphs 1 and 2 of this Article shall likewise apply in respect of remuneration or pensions paid, in the case of the Republic of Korea, by the Bank of Korea, the Export-Import Bank of Korea, the Korea Development Bank, the Korea Trade Promotion Corporation and other government owned institutions performing functions of a governmental nature as may be agreed upon from time to time by the Governments of the two Contracting States and, in the case of the USSR, by the State Bank of the USSR (Gosbank of the USSR), by the Bank for Foreign Economic Activities of the USSR (Vnesheconombank of the USSR) and other Government owned institutions performing functions of a governmental nature as may be agreed upon from time to time by the Governments of the two Contracting States.



ARTICLE 19

STUDENTS AND TRAINEES

Payments which a student, business apprentice or trainee 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 that State, provided that such payments arise from sources outside that State.

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ARTICLE 20

PROFESSORS AND TEACHERS

An individual who is or was a resident of a Contracting State immediately before making a visit to the other Contracting State, who, at the invitation of any university, college, school or other similar educational institution, which is recognised as non-profitable by the Government of that other State, 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.

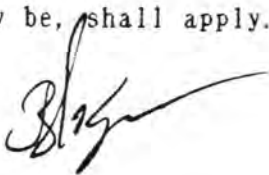


ARTICLE 21

OTHER INCOME

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 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 Article 13, as the case may be, shall apply.



ARTICLE 22

RELIEF FROM DOUBLE TAXATION

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 Soviet 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 USSR and in accordance with this Convention, whether directly or by deduction, in respect of income from sources within the USSR 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 the USSR bears to the entire income subject to the Korean tax.

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

Subject to the limitations of the Soviet tax law, the USSR shall allow a credit against the Soviet tax of the Korean tax on income payable under the laws of the Republic of Korea and in accordance with this Convention.



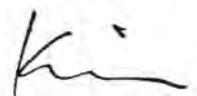
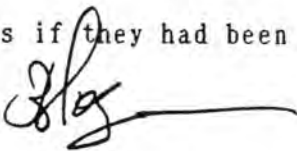
ARTICLE 23

NON-DISCRIMINATION

1. Individuals which are nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States. 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 purposes on account of civil status or family responsibilities which it grants to its own residents.

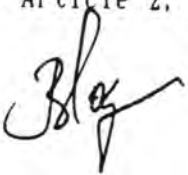
2. A resident of a Contracting State which has a permanent establishment in the other Contracting State shall not, in that other State and with respect to income attributable to that permanent establishment, be subjected to more burdensome taxes than are generally imposed on residents of that other State or of a third State which are carrying on the same activities. For the purposes of this paragraph, a resident of the USSR shall include only a joint venture established under the laws of the USSR with less than 30 percent foreign participation, or a joint stock company or a limited liability company predominantly owned by residents of the USSR.

3. Except where the provisions of paragraph 7 of Article 7, paragraph 4 of Article 10, or paragraph 6 of Article 11, 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

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 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 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. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.



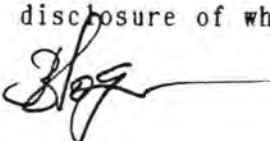
ARTICLE 25

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out 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 the Convention. The exchange of information is not restricted by Article 1. 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 judicial decisions.

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

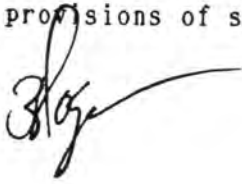
- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) to 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).



ARTICLE 26

DIPLOMATIC AGENTS AND CONSULAR OFFICERS

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

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

2. The Convention shall enter into force on the thirtieth day after the date of exchange of the instruments of ratification.

3. This Convention shall have effect :

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

b) in respect of other taxes, for taxation years beginning on or after the first day of January in the calendar year in which the Convention enters into force.



ARTICLE 28

TERMINATION

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 :

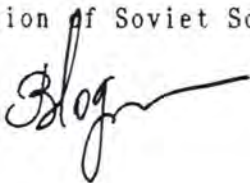
- a) in respect of tax withheld at the source, for amounts paid or credited on or after the first day of January in the calendar year next following that in which the notice is given; and
- b) in respect of other taxes, for taxation years beginning on or after the first day of January in the calendar year next following that in which the notice is given.



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

Done in duplicate at *Seoul* this *13*..... day of *November*..... of the year one thousand nine hundred and ninety *two* in the Russian, Korean 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
Union of Soviet Socialist Republics



For the Government of the
Republic of Korea

