

SYNTHESISED TEXT OF THE MLI AND THE CONVENTION BETWEEN **THE ARAB REPUBLIC OF EGYPT AND THE REPUBLIC OF KOREA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**

General disclaimer on the Synthesised text document

This comprehensive document (the "Document") of the companion text of the Multilateral Convention promulgated by Presidential Decree No. 446 of 2020 and the Convention on Avoidance of Double Taxation and Prevention of Tax Evasion with regard to Income Taxes between the Governments of the Arab Republic of Egypt and the Republic of Korea and published in the Official Gazette 8 on 24/2/1994 ("Convention"), is only a guiding text, bearing in mind that that English version of the Convention is the most likely and the first to be applied on the part of the authentic in case of difference between the versions of different languages themselves- without any responsibility on the authority that issued those texts.

This document presents the synthesised text for the application of the Convention between **the Arab Republic of Egypt** and **the Republic of Korea** with respect to Taxes on Income on **9 December 1992** (the "Convention"), as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by **Egypt** on **7 June 2017** and by **Korea** on **7 June 2017** (the "MLI").

The document was prepared on the basis of the MLI position of **Egypt** submitted to the Depository upon ratification on **30 September 2020** and of the MLI position of **Korea** submitted to the Depository upon ratification on **13 May 2020**. These MLI positions are subject to modifications as provided in the MLI. Modifications made to MLI positions could modify the effects of the MLI on the Convention.

The authentic legal texts of the Convention and the MLI take precedence and remain the legal texts applicable.

The provisions of the MLI that are applicable with respect to the provisions of the Convention are included in boxes throughout the text of this document in the context of the relevant provisions of the Convention. The boxes containing the provisions of the MLI have generally been inserted in accordance with the ordering of the provisions of the 2017 OECD Model Tax Convention.

Changes to the text of the provisions of the MLI have been made to conform the terminology used in the MLI to the terminology used in the Convention (such as "Covered Tax Agreement" and "Convention"/" Agreement", "Contracting Jurisdictions" and "Contracting States"), to ease the comprehension of the provisions of the MLI. The changes in terminology are intended to increase the readability of the document and are not intended to change the substance of the provisions of the MLI. Similarly, changes have been made to parts of

provisions of the MLI that describe existing provisions of the Convention: descriptive language has been replaced by legal references of the existing provisions to ease the readability.

In all cases, references made to the provisions of the Convention or to the Convention must be understood as referring to the Convention as modified by the provisions of the MLI, provided such provisions of the MLI have taken effect.

References

The authentic legal texts of the MLI and the Convention can be found [www.eta.gov.eg]

Disclaimer on the entry into effect of the provisions of the MLI

The provisions of the MLI applicable to this Convention do not take effect on the same dates as the original provisions of the Convention. Each of provisions of the MLI could take effect on different dates, depending on the types of taxes involved (taxes withheld at source or other taxes levied) and on the choices made by **the Arab Republic of Egypt** and **the Republic of Korea** in their MLI positions.

Dates of the deposit of instruments of ratification, acceptance or approval: **30 September 2020** for **Egypt** and **13 May 2020** for **Korea**.

Entry into force of the MLI: **1 January 2021** for **Egypt** and **1 September 2020** for **Korea**. This document provides specific information on the dates on or after which each of the provisions of the MLI has effect with respect to the Convention throughout this document and has effect as follows:

(a) The provisions of the MLI shall have effect in each Contracting State with respect to the Convention:

- (i) with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2021; and
- (ii) With respect to all other taxes levied by that Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 July 2021.

b) Notwithstanding (a), Article 16 (Mutual Agreement Procedure) of the MLI shall have effect with respect to the Convention for a case presented to the competent authority of a Contracting State on or after 1 January 2021, except for cases that were not eligible to be presented as of that date under the Convention prior to its modification by the MLI, without regard to the taxable period to which the case relates.

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

The Government of the Republic of Korea and the Government of the Arab Republic of Egypt

~~Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income;~~

The following paragraph 1 of Article 6 of the MLI replaces the text referring to an intent to eliminate double taxation in the preamble of this Convention:

ARTICLE 6 OF THE MLI – PURPOSE OF A COVERED TAX AGREEMENT

Intending to eliminate double taxation with respect to the taxes covered by [*this Convention*] without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in [*the Convention*] for the indirect benefit of residents of third jurisdictions),

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.

ARTICLE 2

TAXES COVERED

1- The taxes to which this Convention shall apply:

(a) in the case of Korea:

- (i) the income tax ;
- (ii) the corporation tax ; and
- (iii) the inhabitant tax ;
(hereinafter referred to as "Korean tax").

(b) In the case of the Arab Republic of Egypt:

- (i) tax on income derived from immovable property (including the land tax, the buildings tax and the Chaffir tax) ;
- (ii) tax on income from movable capital:
- (iii) tax on commercial and industrial profits :
- (iv) tax on wages, salaries, indemnities and pensions :
- (v) tax on profits from liberal professions :
- (vi) general income tax :
- (vii) corporation profits tax :
- (viii) supplementary taxes imposed by the central government as percentage of taxes mentioned above or otherwise
(hereinafter referred to as "Egyptian 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. 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 term "**Korea**" means the Republic of Korea, and when used in a geographical sense, the term 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 resources of such area :

- b) the term "**Egypt**" means the Arab Republic of Egypt and when used in a geographical sense, the term means all the territory in which the laws relating to Egyptian 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 Egypt exercises sovereign rights, in accordance with international law, for the purpose of exploration and exploitation of the natural resources of such area :
 - c) the terms "a Contracting State" and "the other Contracting State" mean Korea or Egypt, as the context requires ;
 - d) the term "tax" means Korean tax or Egyptian tax, as the context requires;
 - e) the term "person" includes an individual, a company and any other body of persons;
 - f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
 - g) 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;
 - 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;
 - i) the term "competent authority" means, in the case of the Republic of Korea, the Minister of Finance or his authorized representative: and in the case of the Arab Republic of Egypt, the Minister of Finance or his 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 this 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 management, or any other criterion of a similar nature. 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 an individual is a resident of both Contracting State, then this case 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 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 Contracting 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 Contracting State in which he has an habitual abode.
 - c. If he has a 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 Convention.
- 3- Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, than 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

- 1- For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
- 2- The term "permanent establishment" includes especially:
 - a) a place of management ,
 - b) a branch ,
 - c) an office ,
 - d) a factory ,
 - e) a workshop ,
 - f) a store or other sales outlet ,
 - g) a farm or a plantation , and
 - h) a mine, an oil or gas well, a quarry or any other place of extraction of national resources,

- 3- A building site or construction or installation project constitutes a permanent establishment only if it lasts more than 9 months.
- 4- Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
 - a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise,
 - b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, or display or delivery,
 - c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise,
 - d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise,
 - e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character,
 - f) the maintenance of a fixed place of business solely for any combination of activities mentioned in 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, where a person-other than an agent of an independent status to whom paragraph 6 applies – is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
- 6- An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the 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- The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture, and forestry rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources. Ships, 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 independent personal services.

ARTICLE 7

BUSINESS PROFITS

- 1- The profits of an enterprise of a Contracting State shall be taxable only in that State, unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
- 2- Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is permanent establishment.
- 3- In the determination the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

- 4- No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
- 5- For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method each 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.

ARTICLE 8

SHIPPING AND AIR TRANSPORT

- 1- Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.
- 2- The provisions of paragraph 1 shall also apply to profits derived from the participation in a pool, a joint business or an international operating agency.
- 3- In respect of the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State, that enterprise, if an enterprise of Egypt, shall also be exempt from the value added tax in Korea and, if an enterprise of Korea, shall also be exempt from any tax similar to the value added tax in Korea which may hereafter be imposed in Egypt.
- 4- Where profits as referred to in this Article are derived by a company which is a resident of a Contracting State, dividends paid by that company to persons which are residents in the other Contracting State, shall be exempt from tax in that other State.

ARTICLE 9

ASSOCIATED ENTERPRISES

Where:

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

ARTICLE 10

DIVIDENDS

- 1- Dividends paid by a company which is 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) 10 per cent of the gross amount of the dividends if the beneficial owner is a company(other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends ;
 - b) 15 per cent of the gross amount of the dividends in all other cases. This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
- 3- The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, 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 laws of the State of which the company making the distribution is a resident.
- 4- The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, 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 14, as the case maybe, 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 11

INTEREST

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

- 2- However, such interest may also be taxed in the Contracting State in which it arises, and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed:
 - a) 10 per cent of the gross amount of such interest where it is paid in respect of a loan or other debt-claim for a period exceeding three years;
 - b) 15 per cent of the gross amount of such interest in all other cases.
- 3- Notwithstanding the provisions of paragraph 2,
 - a) Interest arising in a Contracting State and received by the Government of the other Contracting State including a political subdivision or a local authority thereof or the central bank of that other Contracting State shall be taxable only in that other Contracting State.
 - b) Interest arising in a Contracting State in respect of loans or credits made or guaranteed,
 - in the case of Korea, by the Export Import Bank of Korea;
 - in the case of Egypt, by the Bank equivalent to the Export Import Bank of Korea; and paid to a resident of the other Contracting State shall be taxable only in that other State.
- 4- The term "interest" as used in this Article means income from Government securities, bonds or debentures (exclusive of interest on debts secured by mortgages on immovable property, in which case Article 6 shall apply), whether or not carrying a right to participate in profits, and debt-claims of every kind as well as all other income assimilated to income from money lent according to the taxation law of the State in which the income arises.
- 5- The provisions of paragraphs 1, 2 and 3 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 a case, the provisions of Article 7 or Article 14, as the case may be, shall apply.
- 6- Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political sub-division, 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 or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
- 7- 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.

ARTICLE 12

ROYALTIES

- 1- Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
- 2- However, 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 15 per cent of the gross amount of the royalties.
- 3- The term “royalties” as used in this Article means payments of any kind received, as a consideration for the use of, or the right to use, any copy right of literary , artistic or scientific works including cinematography films, any patent, trade mark, design or model, plan, secret formula or process.
- 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 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 14, 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, 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 such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.
- 6- Where by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payment shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 13

CAPITAL GAINS

- 1- Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
- 2- Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, 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 (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.
- 3- Gains from the alienation of ships, or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State of which the enterprise is a resident.
- 4- Gains from the alienation of any property other than those referred to in paragraph 1, 2 and 3, shall be taxable only in the Contracting state of which the alienator is a resident.

ARTICLE 14

INDEPENDENT PERSONAL SERVICES

- 1- Income derived by 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 or he is present within that other State for a period or periods not exceeding in the aggregate 183 days in the taxable year concerned. If he has such a fixed base or remains in that other State for the aforesaid period or periods, the income may be taxed in that other State but only so much of it as is attributable to that fixed base or is derived in that other State during the aforesaid period or periods.
- 2- The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities by physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 15

DEPENDENT PERSONAL SERVICES

- 1- Subject to the provisions of Article 16, 18, 19, 20 and 21 salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other

Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

- 2- Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if :
 - a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the 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 derived by a resident of a Contracting state in respect of an employment exercised aboard a ship or aircraft operated in international traffic shall be taxable only in that state.

ARTICLE 16

DIRECTOR'S FEES

Director's 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 Contracting State.

ARTICLE 17

ARTISTES AND ATHLETES

- 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 artiste, or a musician, or as an athlete, from his personal activities as such exercised in 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, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.
- 3- Notwithstanding the provisions of paragraph 1, income derived by an entertainer or an athlete from his personal activities as such in a Contracting State shall be taxable only in the other Contracting State if his visit to the first mentioned State is supported substantially from the public funds of that other State or of one of its political subdivisions or local authorities.
- 4- Notwithstanding the provisions of paragraph 2, where income in respect of personal activities as such of an entertainer or an athlete in a Contracting State accrues not to that entertainer or athlete himself but to another person, that income shall be taxable only in the other Contracting State if this person is supported substantially from the public funds

of that other State or of one of its political subdivisions or local authorities, or if this person is a non-profit organization of that other State.

ARTICLE 18

PENSIONS

Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment may be taxed in both Contracting States.

ARTICLE 19

GOVERNMENT SERVICE

- 1- (a) Remuneration, other than a pension paid by a Contracting State or a political 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 a political 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 person shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.
- 3- The provisions of Articles 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.
- 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 Trade Promotion Corporation and other government owned institutions performing functions of a governmental nature and, in the case of Egypt by the Central Bank of Egypt and other government owned institutions performing functions of a governmental nature.

ARTICLE 20

STUDENTS AND APPRENTICES

An individual 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 as a student at a recognized university, college, school or other similar recognized educational institution in the first mentioned State or as a business or technical apprentice therein, for a period not exceeding five years from the date of his first arrival in the first mentioned State in connection with that visit, shall be exempt from tax in that first mentioned State on :

- a) all remittances from abroad for the purposes of his maintenance, education or training; and
- b) any remuneration for personal services rendered in the first mentioned State with a view to supplementing the resources available to him for such purposes.

ARTICLE 21

PROFESSORS, TEACHERS AND RESEARCHERS

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 recognized by the competent authority in that other Contracting State, visits that other Contracting State for a period not exceeding two years solely for the purpose of teaching or research or both at such educational institution shall be exempt from tax in that other Contracting State on his remuneration for such teaching or research.

ARTICLE 22

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 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.
- 3- Notwithstanding the provisions of paragraphs 1 and 2 items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Convention and arising in the other Contracting State may also be taxed in that other State.

ARTICLE 23

RELIEF FROM DOUBLE TAXATION

- 1- In the case of a resident of Korea, double taxation shall be avoided as follows:

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

- 2- For the purposes of paragraph 1, the term "Egyptian tax payable" shall be deemed to include the amount of Egyptian tax which would have been payable in accordance with Egyptian tax laws but for the exemption or reduction of Egyptian tax in accordance with laws relating to incentives for the promotion of economic development in Egypt which were in force on the date of signature of this Convention or any other provisions which may subsequently be introduced in Egypt in modification of, or in addition to, those laws so far as they are agreed by the competent authorities of the Contracting State to be of a substantially similar character: provided that the amount of the tax referred to in this paragraph shall not, however, exceed:

(a) in the case of dividends an amount of 10 percent of the gross amount of such dividends;

(b) in the case of interest an amount of 10 percent of the gross amount of such interest; and

(c) in the case of royalties an amount of 10 percent of the gross amount of such royalties.

- 3- In the case of a resident of Egypt, double taxation shall be avoided as follows:

(a) Where a person being a resident of Egypt derives income from Korea and that income, in accordance with the provisions of this Convention, may be taxed in Korea, Egypt shall, subject to the provisions of paragraph (b), exempt such income from tax but may, in calculating tax on the remaining income of that person, apply the rate of tax which would have been applicable if the exempted income had not been so exempted.

(b) Where a person being a resident of Egypt derives income from Korea and that income, in accordance with the provisions of Articles 10, 11 and 12, may be taxed in Korea, Egypt shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in Korea in accordance with the provisions of this Convention. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is appropriate to the income derived from Korea.

- 4- For the purposes of paragraph 3, the term "an amount equal to the tax paid in Korea" shall be deemed to include the amount of Korean tax which would have been payable in accordance with Korean tax laws but for the exemption or reduction of Korean tax in accordance with laws relating to incentives for the promotion of economic development in Korea which were in force on the date of signature of this Convention or any other provisions which may subsequently be introduced in Korea in modification of, or in addition to, those laws so far as they are agreed by the competent authorities of the Contracting State to be of a substantially similar character: provided that the amount of the tax referred to in this paragraph shall not, however, exceed:
 - (a) in the case of dividends an amount of 10 percent of the gross amount of such dividend;
 - (b) in the case of interest an amount of 10 percent of the gross amount of such interest; and
 - (c) in the case of royalties an amount of 10 percent of the gross amount of such royalties.

ARTICLE 24

NON-DISCRIMINATION

- 1- Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances 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.
- 2- The term "nationals" means:
 - a) all individuals possessing the nationality of a Contracting State;
 - b) all legal persons, partnerships and associations deriving their status as such from the laws in force in a Contracting State.
- 3- Stateless persons who are residents of a Contracting State shall not be subjected in either 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 the State concerned in the same circumstances are or may be subjected.
- 4- 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 enterprise of that other State carrying on the same activities. This provisions shall not be construed as obliging a Contracting State to grant to a resident 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.
- 5- Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.

- 6- Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
- 7- The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description subject to this Convention.

ARTICLE 25

MUTUAL AGREEMENT PROCEDURE

- 1- ~~[The first sentence of paragraph 1 of Article 25 of this Convention is REPLACED by paragraph 1 of Article 16 of the MLI] [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 24, to that of the Contracting State of which he is a national.]~~

The following first sentence of paragraph 1 of Article 16 of the MLI replaces the {first sentence} of paragraph {1} of Article {25} of this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

Where a person considers that the actions of one or both of the [*Contracting States*] result or will result for that person in taxation not in accordance with the provisions of [*this Convention*], that person may, irrespective of the remedies provided by the domestic law of those [*Contracting States*], present the case to the competent authority of either [*Contracting State*].

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 26

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 the 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 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 covered by the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in court proceedings or in judicial 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 (order public).

ARTICLE 27

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.

ARTICLE
PREVENTION OF TREATY ABUSE

The following paragraph 1 of Article 7 of the MLI applies and supersedes the provisions of this Convention:

ARTICLE 7 OF THE MLI –PREVENTION OF TREATY ABUSE
(Principal purposes test provision)

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

ARTICLE 28
ENTRY INTO FORCE

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Seoul as soon as possible. The Convention shall enter into force on the thirtieth day after the date of exchange of the instruments of ratification.
2. This Convention shall have effect:
 - a) in Korea:
 - (i) in respect of tax withheld at the source on amounts paid or credited to non-residents on or after the first day of January of the year of the signature : and
 - (ii) in respect of other taxes for taxation years beginning on or after the first day of January of the year of the signature.
 - b) in Egypt:
 - (i) in respect of tax withheld at the source (in particular, tax on income from movable capital and tax on wages, salaries, indemnities and pensions) on amounts paid or credited to non-residents on or after the first day of January of the year of the signature : and
 - (ii) in respect of other taxes (in particular corporation profits tax, tax on income derived from immovable property, tax on liberal professions and all other non-commercial professions and all other general income tax) for taxation years beginning on or after the first day of January of the year of the signature.

ARTICLE 29

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 Korea:

- (i) in respect of tax withheld at the source on amounts paid or credited to non-residents on or after the first day of January in the calendar year next following that in which the notice is given; and
- (ii) 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.

b) b) in Egypt:

- (i) in respect of tax with held at the source (in particular tax on income from movable capital and tax on wages, salaries, indemnities and pensions) on amounts paid or credited to non-residents on or after the first day of January in the calendar year next following that in which the notice is given; and
- (ii) in respect of other taxes (in particular corporation profits tax, tax on commercial and industrial profits, tax on income from immovable property, tax on liberal professions and all other non-commercial professions and general income tax) 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 Cairo this ninth day of December, 1992 in duplicate in the Korean, Arabic and English languages, all texts being equally authentic. In the event of divergence of interpretation, the English text shall prevail.

**FOR
THE GOVERNMENT OF
THE ARAB REPUBLIC OF EGYPT**

**FOR
THE GOVERNMENT OF
THE REPUBLIC OF KOREA**

PROTOCOL

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

- 1- **In respect of subparagraph a) of paragraph 1 of Article 2 of the Convention**, it is understood that the Convention shall apply to the Korean education tax where charged by reference to the income tax or the corporation tax.
- 2- **In respect of paragraphs 1 and 2 of Article 7**, where an enterprise of a Contracting State sells goods or merchandise or carries on business in the other Contracting State through a permanent establishment situated therein, the profits of this permanent establishment are not determined on the basis of the total amount received by the enterprise, but are determined only on the basis of the remuneration which is attributable to the actual activity of the permanent establishment for such sales or business. Especially, in the case of contracts for the survey, supply, installation or construction of industrial, commercial or scientific equipment or premises, or of public works, when the enterprise has a permanent establishment, the profits of such permanent establishment are not determined on the basis of the total amount of the contract, but are determined only on the basis of that part of the contract which is effectively carried out by the permanent establishment in the Contracting State where the permanent establishment is situated.
- 3- **In respect of paragraph 1 of Article 7**, payments of any kind received as a consideration for the use of, or the right to use, industrial, commercial, or scientific equipment, shall be deemed to be profits of an enterprise to which the provisions of Article 7 apply. Similarly, payments received by corporations as a consideration for studies or surveys of a scientific, geological or technical nature, or for consultant or supervisory services shall be deemed to be payments to which the provisions of Article 7 apply.
- 4- **In respect of Article 14** it is understood that income derived by a corporation as a consideration for the furnishing of independent personal services of its employees and other personnel shall be deemed to be profits of the corporation to which the provisions of Article 7 apply.
- 5- **In respect of paragraph 2 of Article 23**, it is understood that the term "the Korean laws relating to incentives for the promotion of economic development in Korea" is the Foreign Capital Inducement Law. In respect of paragraph 4 of Article 23, it is also understood that the term "Egyptian laws relating to incentives for the promotion of economic development in Egypt" is the Investment Law of Arab and Foreign Capital and Free Zones, Law No. 43 of 1974, amended by the law 32 of 1977.
- 6- **In respect of Article 24** it is understood that nothing in this Article shall be construed as affecting the application in Egypt of Article 4, paragraph 9 and Article 120, paragraph 4 of Law No. 157 of 1981 (as they may be amended from time to time in minor respects without affecting the general principle thereof) provided that if the exemption given by either of these Articles are made available to nationals of any state or territory other than a Contracting State such exemption shall likewise be made available to nationals of Korea.

IN WITNESS WHEREOF, the undersigned have signed the present protocol which shall have the same force and validity as if it were inserted word by word in the Convention.

Done at Cairo this Ninth day of December, 1992 in duplicate in the Korea, Arabic and English languages, all texts being equally authentic. In the event of divergence in interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF
THE REPUBLIC OF KOREA

FOR THE GOVERNMENT OF
THE ARAB REPUBLIC OF EGYPT