

No. 49708

**Republic of Korea
and
Nepal**

Agreement between the Republic of Korea and the Kingdom of Nepal for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Seoul, 5 October 2001

Entry into force: *29 May 2003 by notification, in accordance with article 28*

Authentic texts: *English, Korean and Nepali*

Registration with the Secretariat of the United Nations: *Republic of Korea, 6 July 2012*

**République de Corée
et
Népal**

Accord entre la République de Corée et le Royaume du Népal en vue d'éviter la double imposition et de prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Séoul, 5 octobre 2001

Entrée en vigueur : *29 mai 2003 par notification, conformément à l'article 28*

Textes authentiques : *anglais, coréen et népalais*

Enregistrement auprès du Secrétariat de l'Organisation des Nations Unies : *République de Corée, 6 juillet 2012*

[ENGLISH TEXT – TEXTE ANGLAIS]

**AGREEMENT BETWEEN
THE REPUBLIC OF KOREA
AND
THE KINGDOM OF NEPAL
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 His Majesty's Government of Nepal, desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

Article 1

PERSONS COVERED

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

Article 2

TAXES COVERED

1. The existing taxes to which this Agreement shall apply are:
 - a) in Korea:
 - (i) the income tax;
 - (ii) the corporation tax;
 - (iii) the inhabitant tax, and
 - (iv) the special tax for rural development
(hereinafter referred to as "Korean tax");
 - b) in Nepal:
 - (i) income tax imposed under the Income Tax Act, and
 - (ii) any other taxes on income imposed by local bodies
(hereinafter referred to as "Nepal Tax").
2. The Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

Article 3
GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
 - a) the term "Korea" means the Republic of Korea, and when used in a geographical sense, means the territory of the Republic of Korea, including its territorial sea, and any other area adjacent to the territorial sea of the Republic of Korea which, in accordance with international law, has been or may hereafter be designated under the laws of the Republic of Korea as an area within which the sovereign rights or jurisdiction of the Republic of Korea with respect to the waters, the sea-bed and subsoil, and their natural resources may be exercised;
 - b) the term "Nepal" means the Kingdom of Nepal;
 - c) the terms "a Contracting State" and "the other Contracting State" mean Korea or Nepal, as the context requires;
 - d) the term "tax" means Korean tax or Nepal 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 "national" means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership and association deriving its status as such from the laws in force in a Contracting State;
 - i) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
 - j) the term "competent authority" means:
 - (i) in Korea, the Minister of Finance and Economy or his authorized representative;
 - (ii) in Nepal, the Minister of Finance or his authorized representative.

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

Article 4

RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of head or main office, place of management, or any other criterion of a similar nature and also includes that State and any political subdivision or local authority thereof. This term, however, 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 States, then his status shall be determined as follows:

- a) he shall be deemed to be a resident only 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 only of the State with which his personal and economic relations are closer (center of vital interests);
- b) if the State in which he has his center of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only 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 only of the State of which he is a national;
- d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.