

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE REPUBLIC  
OF CHINA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA  
CONCERNING RELIEF FROM DOUBLE TAXATION ON EARNING DERIVED  
FROM THE OPERATION OF SHIPS AND AIRCRAFT**

Signed and exchanged on 7 July, 1972; Entered into force on 7 July, 1972.

I. Note from Mr. Loh Ying-teh, Chinese Ambassador, to Mr. KIM Young Shik, Korean Minister of Foreign Affairs.

Seoul, July 7, 1972

Excellency:

I have the honor to refer to the recent conversations between the representatives of the Government of the Republic of China and the representatives of the Government of the Republic of Korea relating to the question of the exemption, on a reciprocal basis, of tax on income derived from sea and air transport. As a result of these conversations, the following understandings were reached:

1. The Government of the Republic of China shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of Korea from income tax and business tax chargeable in the Republic of China on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft registered in the Republic of Korea.
2. The Government of the Republic of Korea shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of China from income tax, corporation tax and business tax chargeable in the Republic of Korea on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft registered in the Republic of China.
3. The provisions of paragraphs 1 and 2 shall likewise apply in respect of participation in a pool, in a joint business or in an international operations agency of any kind by a resident or corporation of the Republic of China or the Republic of Korea engaging in the operation of ships or aircraft in international traffic. In such a case, the exemption of taxes as provided for in paragraphs 1 and 2 shall be applied only with respect to the revenue or income shared by a resident or corporation of the Republic of China or the Republic of Korea.
4. For the purpose of this Agreement:
  - (a) The term "resident or corporation of the Republic of Korea" referred to in paragraph 1 means any individual who is a resident of

the Republic of Korea for the purpose of tax of the Republic of Korea and not a resident of the Republic of China for the purpose of tax of the Republic of China or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of Korea) which has its head or main office in the Republic of Korea.

- (b) The term "resident or corporation of the Republic of China" referred to in paragraph 2 means any individual including partnerships and sole proprietorships, who is a resident of the Republic of China for the purpose of tax of the Republic of China and not a resident of the Republic of Korea for the purpose of tax of the Republic of Korea or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of China) which has its head or main office in the Republic of China.
5. The exemption of taxes as provided for in paragraphs 1 and 2 shall be applicable to revenue or income for the taxable periods, taxable years or business years beginning on or after the first day of January, 1971.
6. This Agreement may be terminated by either of the two Governments at any time, provided that at least six months' prior written notice of termination has been given. In such event, this Agreement shall cease to be effective for the taxable periods, taxable years or business years beginning on or after the first day of January next following the expiration of the six month period.

If Your Excellency would confirm, on behalf of Your Government, that the aforesaid understandings are acceptable to the Government of the Republic of Korea, this Note and Your Excellency's confirming Note in reply shall constitute an Agreement between our two Governments on this matter which shall enter into force from the date of Your Excellency's Note in reply.

Accept, Excellency, the renewed assurances of my highest consideration.

(signed)  
Loh Ying-teh  
Ambassador.

His Excellency  
Yong Shik Kim  
Minister of Foreign Affairs  
Republic of Korea

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II. Note from Mr. KIM Yong Shik, Korean Minister of Foreign Affairs, to Mr. Loh Ying-teh, Chinese Ambassador.

Seoul, July 7, 1972

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

"I have the honor to refer to the recent conversations between the representatives of the Government of the Republic of China and the representatives of the Government of the Republic of Korea relating to the question of the exemption, on reciprocal basis, of tax on income derived from sea and air transport. As a result of these conversations, the following understandings were reached:

1. The Government of the Republic of China shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of Korea from income tax and business tax chargeable in the Republic of China on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft registered in the Republic of Korea.
2. The Government of the Republic of Korea shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of China from income tax, corporation tax and business tax chargeable in the Republic of Korea on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft registered in the Republic of China.
3. The provisions of paragraphs 1 and 2 shall likewise apply in respect of participation in a pool, in a joint business or in an international operations agency of any kind by a resident or corporation of the Republic of China or the Republic of Korea engaging in the operation of ships or aircraft in international traffic. In such a case, the exemption of taxes as provided for in paragraphs 1 and 2 shall be applied only with respect to the revenue or income shared by a resident or corporation of the Republic of China or the Republic of Korea.
4. For the purpose of this Agreement:
  - (a) The term "resident or corporation of the Republic of Korea" referred to in paragraph 1 means any individual who is a resident of the Republic of Korea for the purpose of tax of the Republic of Korea and not a resident of the Republic of China for the purpose of tax of the Republic of China or any corporation (including any

entity treated as a corporation for the purpose of tax of the Republic of Korea) which has its head or main office in the Republic of Korea.

- (b) The term "resident or corporation of the Republic of China" referred to in paragraph 2 means any individual including partnerships and sole proprietorships, who is a resident of the Republic of China for the purpose of tax of the Republic of China and not a resident of the Republic of Korea for the purpose of tax of the Republic of Korea or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of China) which has its head or main office in the Republic of China.
5. The exemption of taxes as provided for in paragraphs 1 and 2 shall be applicable to revenue or income for the taxable periods, taxable years or business years beginning on or after the first day of January, 1971.
  6. This Agreement may be terminated by either of the two Governments at any time, provided that at least six months' prior written notice of termination has been given. In such event, this Agreement shall cease to be effective for the taxable periods, taxable years or business years beginning on or after the first day of January next following the expiration of the six month period.

If Your Excellency would confirm, on behalf of Your Government, that the aforesaid understandings are acceptable to the Government of the Republic of Korea, this Note and Your Excellency's confirming Note in reply shall constitute an Agreement between our two Governments on this matter which shall enter into force from the date of Your Excellency's Note in reply.

In Reply, I have the honor to accept, on behalf of my Government, the understandings of the Government of the Republic of China as set forth in Your Excellency's Note quoted above and to confirm that Your Excellency's note and this Note in reply shall constitute an Agreement between our two Governments on this matter, to enter into force from today's date.

Accept, Excellency, the renewed assurances of my highest consideration.

(signed)  
Yong Shik Kim

His Excellency  
Loh Ying-the  
Ambassador Extraordinary and Plenipotentiary Seoul of the Republic of China

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EMBASSY OF THE REPUBLIC OF KOREA  
TAIPEI, TAIWAN  
REPUBLIC OF CHINA

Taipei, December 10, 1991

Excellency:

I have the honour to refer to the "Agreement between the Government of the Republic of Korea and the Government of the Republic of China concerning the Tax Exemption on International Air and Sea Transport Income" effected by exchange of notes at Seoul on July 7, 1972 and entered into force on the same date (hereinafter referred to as the "Agreement").

I further have the honour to propose, on behalf of the Government of the Republic of Korea, that in accordance with the result of the discussions at the Sixth Korea-China Joint Maritime Consultative Meeting held at Taipei, in December 1989, the Agreement be amended to read as hereunder.

1. The Government of the Republic of China shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of Korea from income tax and business tax chargeable in the Republic of China on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft operated by a resident or corporation of the Republic of Korea.
2. The Government of the Republic of Korea shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of China from income tax, corporation tax and value added tax chargeable in the Republic of Korea on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft operated by a resident or corporation of the Republic of China.
3. The provisions of paragraphs 1 and 2 shall likewise apply in respect of participation in a pool, in a joint business or in an international operations agency of any kind by a resident or corporation of the Republic of China or the Republic of Korea engaging in the operation of ships or aircraft in international traffic. In such a case, the exemption of taxes as provided for in paragraphs 1 and 2 shall be applied only with respect to the revenue or income shared by a resident or corporation of the Republic of China or the Republic of Korea.
4. For the purpose of this Agreement:
  - (a) The term "resident or corporation of the Republic of Korea" referred to in paragraph 1 means any individual who is a resident of the Republic of Korea for the purpose of tax of the Republic of Korea and not a resident of the Republic of China for the purpose of tax of the Republic of China or any corporation (including any

entity treated as a corporation for the purpose of tax of the Republic of Korea) which has its head or main office in the Republic of Korea.

- (b) The term "resident or corporation of the Republic of China" referred to in paragraph 2 means any individual including partnerships and sole proprietorships, who is a resident of the Republic of China for the purpose of tax of the Republic of China and not a resident of the Republic of Korea for the purpose of tax of the Republic of Korea or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of China) which has its head or main office in the Republic of China.
5. The Reciprocal Exemption from Taxes on Revenue or Income Derived from Operation in International Traffic of Ships or Aircraft concluded by exchange of notes at Seoul on July 7, 1972 between the two Governments shall cease to be effective as from the date of effectiveness of this Agreement.
6. This Agreement may be terminated by either of the two Governments at any time, provided that at least six months' prior written notice of termination has been given. In such event, this Agreement shall cease to be effective for the taxable periods, taxable years or business years beginning on or after the first day of January next following the expiration of the six month period.

If the foregoing proposal is acceptable to the Government of the Republic of China, I have the honour to propose that the present Note and Your Excellency's reply to that effect shall constitute an agreement on this subject between the two Governments which shall enter into force on the date of your reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Noh Young Park  
Ambassador Extraordinary  
and Plenipotentiary of  
the Republic of Korea

His excellency  
Mr. Fredrick F. Chien  
Minister of Foreign Affairs  
Republic of China

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Taipei, December 10, 1991

Excellency:

I have the honor to acknowledge receipt of your Excellency's Note dated December 10, 1991, which reads as follows:

“Taipei, December 10, 1991

Excellency:

I have the honour to refer to the "Agreement between the Government of the Republic of Korea and the Government of the Republic of China concerning the Tax Exemption on International Air and Sea Transport Income" effected by exchange of notes at Seoul on July 7, 1972 and entered into force on the same date (hereinafter referred to as the "Agreement").

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1. The Government of the Republic of China shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of Korea from income tax and business tax chargeable in the Republic of China on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft operated by a resident or corporation of the Republic of Korea.
2. The Government of the Republic of Korea shall exempt, on a basis of reciprocity, a resident or corporation of the Republic of China from income tax, corporation tax and value added tax chargeable in the Republic of Korea on the revenue or income derived by such resident or corporation from the operation in international traffic of ships or aircraft operated by a resident or corporation of the Republic of China.
3. The provisions of paragraphs 1 and 2 shall likewise apply in respect of participation in a pool, in a joint business or in an international operations agency of any kind by a resident or corporation of the Republic of China or the Republic of Korea engaging in the operation of ships or aircraft in international traffic. In such a case, the exemption of taxes as provided for in paragraphs 1 and 2 shall be applied only with respect to the revenue or income shared by a resident or corporation of the Republic of China or the Republic of Korea.
4. For the purpose of this Agreement:
  - (a) The term "resident or corporation of the Republic of Korea" referred to in paragraph 1 means any individual who is a resident of the Republic of Korea for the purpose of tax of the Republic of Korea and not a resident of the Republic of China for the purpose

of tax of the Republic of China or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of Korea) which has its head or main office in the Republic of Korea.

(b) The term "resident or corporation of the Republic of China" referred to in paragraph 2 means any individual including partnerships and sole proprietorships, who is a resident of the Republic of China for the purpose of tax of the Republic of China and not a resident of the Republic of Korea for the purpose of tax of the Republic of Korea or any corporation (including any entity treated as a corporation for the purpose of tax of the Republic of China) which has its head or main office in the Republic of China.

5. The Reciprocal Exemption from Taxes on Revenue or Income Derived from Operation in International Traffic of Ships or Aircraft concluded by exchange of notes at Seoul on July 7, 1972 between the two Governments shall cease to be effective as from the date of effectiveness of this Agreement.
6. This Agreement may be terminated by either of the two Governments at any time, provided that at least six months' prior written notice of termination has been given. In such event, this Agreement shall cease to be effective for the taxable periods, taxable years or business years beginning on or after the first day of January next following the expiration of the six month period.

If the foregoing proposal is acceptable to the Government of the Republic of China, I have the honour to propose that the present Note and Your Excellency's reply to that effect shall constitute an agreement on this subject between the two Governments which shall enter into force on the date of your reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Noh Young Park  
Ambassador Extraordinary  
and Plenipotentiary of  
the Republic of Korea

His excellency  
Mr. Fredrick F. Chien  
Minister of Foreign Affairs  
Republic of China"

I further have the honer, on behalf of my Government, to accept Your Excellency's Proposal and the confirm that Your Excellency's Note

Government of the Republic of China and the Government of the Republic of Korea on this matter, which enters into force as of today—December 10,1991.

Please accept, Excellency, the renewed assurances of my highest consideration.

Fredrick F. Chien  
Minister of Foreign Affairs  
Republic of China

His Excellency  
Noh Young Park  
Ambassador Extraordinary  
and Plenipotentiary  
Republic of Korea