

## Malaysia-South Korea

**Date this Agreement is Modified by the MLI (Enters into Force):** June 1, 2021

**MLI instrument of ratification deposited (Malaysia):** February 18, 2021

**MLI instrument of ratification deposited (South Korea):** May 13, 2020

**MLI effective date, withholding taxes (Malaysia and South Korea):** January 1, 2022

**MLI effective date, all other taxes (Malaysia and South Korea):** December 1, 2021

**Editor's Note.** This summary is based on the MLI positions submitted to the Depositary upon the deposit of the ratification instruments by Malaysia and South Korea, and does not constitute business, legal, tax, or other professional advice or services. It is intended only to provide a general guide. In applying the MLI provisions to this treaty, researchers should ensure they review other relevant MLI sources. Please see the Bloomberg Tax [MLI Watch](#) page for further research.

### Purpose of a Covered Tax Agreement (MLI Article 6)

According to MLI Art. 6(2), to meet the minimum standard, the text of MLI Art. 6(1), indicating the intent to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, including through treaty shopping arrangements, replaces the notified preamble language of this Agreement. The optional preamble language of MLI Art. 6(3) does not apply.

### Prevention of Treaty Abuse (MLI Article 7)

According to MLI Art. 7(2), the Principal Purpose Test (PPT) provision of MLI Art. 7(1), that denies benefits that would otherwise be provided where the principal purpose or one of the principal purposes of any arrangement or transaction was to obtain those benefits, applies and supersedes the provisions of this Agreement to the extent of incompatibility (i.e. the PPT provision is added to this Agreement) to meet the minimum standard. The optional additional language of MLI Art. 7(4) does not apply. The Simplified Limitation on Benefits Provision (S-LOB) does not apply.

**Mutual Agreement Procedure (MLI Article 16)** The following provisions of this Agreement related to dispute resolution are modified to meet the minimum standard:

- The first sentence of MLI Art. 16(1), providing that a person may present a case to the competent authority of either Jurisdiction, replaces the first sentence of Art. 25(1) of this Agreement.
- The second sentence of MLI Art. 16(2), providing that any agreement be implemented notwithstanding any time limits in the domestic law of either Jurisdiction, is added to this Agreement.

The remaining provisions of this Agreement relating to dispute resolution are retained as they are considered consistent in content with the provisions of MLI Art. 16(1)(second sentence), MLI Art. 16(2)(first sentence), and MLI Art. 16(3), and meet the minimum standard.

MLI Art. 35(4), which would give effect to the MLI Art. 16 mutual agreement procedure provisions without regard to the taxable period to which the case relates, does not apply.

**Corresponding Adjustments (MLI Article 17)** According to MLI Art. 17(2), the provision of MLI Art. 17(1), providing that a Jurisdiction will make a corresponding adjustment where the other Jurisdiction makes an adjustment that reflects the arm's length profit, applies and supersedes the provisions of this Agreement to the extent of incompatibility (i.e., MLI Art. 17(1) is added to this Agreement).