Competent Authority Arrangement

The Competent Authorities have, pursuant to paragraph 4 of Article 11 of the Agreement between the Government of Malaysia 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, signed on 20 April 1982 (DTA), concluded an agreement by exchange of letters concerning the institutions referred to in subparagraphs 5(a)(iv) and 5(b)(iv) of that Article.

1. The Agreement was concluded by an exchange of letters dated:
   (a) 2 July 2026 (Republic of Korea); and
   (b) 21 July 2026 (Malaysia)

2. The following provisions of the Agreement are reproduced for publication:

In the case of Korea:

"We are pleased to inform you that we agree to add the Kumpulan Wang Persaraan (Diperbadankan("KWAP") to the scope of the Government of Malaysia for purposes of paragraph 4 of Article 11 of the DTA pursuant to paragraph 5(a)(iv) of that Article so as to exempt the KWAP from tax in Korea under paragraph 4 of Article 11 of the DTA in respect of any interest arising in Korea that is paid to the KWAP on or after the first day of the month following the date of your reply to this letter."

In the case of Malaysia:

*"3. Furthermore, I am pleased to inform you that the Competent Authority of Malaysia accepts your proposal to include the Korea Development Bank (KDB) within the scope of the Government of the Republic of Korea, pursuant to paragraph 5(b)(iv) of Article 11 of the DTAA. Accordingly, your letter dated 2 July 2026 and this reply shall be considered to constitute a Mutual Agreement between the Competent Authorities of our respective Governments under the DTAA. It is understood that the reciprocal tax exemptions for both KWAP in the Republic of Korea and KDB in Malaysia shall enter into effect in respect of any interest paid on or after **1 August 2026**."*

3. Commencement and application

The Agreement entered into effect on ***1 August 2026***, in accordance with the terms of the exchange of letters. Consequently, interest payments made to these entities on or after 1 August 2026 is exempted under the DTA.

This document is an extract of the Agreement and is not a reproduction of the underlying correspondence or the complete Agreement. This publication does not amend that Agreement or alter its commencement or temporal application.