

January 15, 2008

To: Dr. Jeffrey Owens

Director, CTPA

OECD

email: jeffrey.owens@oecd.org

Fr: Woo Taik Kim, Seoul, Korea

Subject: Tax Treaty Issues Related to REITs

Dear Dr. Owens:

I appreciate all your efforts and commentaries made regarding the update model of the tax treaty. This email contains my comments from Korea in relation to the public discussion draft on the above subject dated October 30, 2007.

First, I believe that it will be more organized if you include all of the updates or changes in the commentary in relation to the collective investment vehicles (CIV) as well as REIT issues. REIT has its unique character due to the nature of the portfolio being that of a real estate. CIV focuses, among other subjects, the person against whom treaty benefits should be given. Technically, these two are separate. However, there would be less confusion to the member states and business/industry if the changes or updates take place on the investment funds as a whole.

Second, I concur with the general approach of differentiating a widely held fund versus a fund with restrictive investors. A solution or some indication should be made as to the fund of funds or where a combination of funds would make an investment through a fund. At the least, it should be mentioned in the commentary. The discussion on the annex should narrow down to a more summarized conclusion.

Finally, as an exemption to the resident taxation principle of capital gains, reference may well be made to a situation where the target company has been funded by the host country's national treasury in the context of rehabilitation or reorganization of that company. There are serious national concerns against nonresidents having significant capital gains that are not taxable on an intermediary vehicle which has a company site

under the tax treaty. To our knowledge, some countries have adopted a tax treaty clause to a bank institution to have an exceptional treatment for such situations (U.S.-Japan Tax Treat, Art. 13(3)).

I hope that the foregoing will be useful in your development of the commentary on this subject.

Regards,

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