

CONVENTION

between the Kingdom of Greece and the United States of America
for the avoidance of double taxation and the prevention of fiscal evasion
with respect to taxes on income.

The Government of the Kingdom of Greece and the Government of the United States of America, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have appointed for that purpose as their Plenipotentiaries:

The Government of the Kingdom of Greece: His Excellency Panayotis Pipinelis, Minister of Foreign Affairs,
and

The Government of the United States of America: The Honorable Henry F. Grady, Ambassador Extraordinary and Plenipotentiary of the United States of America to Greece, who having exhibited their respective full powers, found in good and due form, have agreed as follows:

Article I

(1) The taxes which are the subject of the present Convention are:

a) In the case of the United States of America: the Federal income tax, including surtaxes (hereinafter referred to as United States tax).

b) In the case of the Kingdom of Greece: the income tax, including the schedular or analytical tax, the complementary tax and the professional or business tax (hereinafter referred to as Greek tax).

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either Contracting State subsequently to the date of signature of the present Convention.

Article II

(1) In the present Convention, unless the context otherwise requires:

a) The term "United States" means the United States of America and when used in a geographical sense means the States, the Territories of Alaska and Hawaii, and the District of Columbia.

b) The term "Greece" means the territories of the Kingdom of Greece.

c) The term "United States Corporation" means a corporation, association or other like entity created or organized in or under the laws of the United States.

d) The term "Greek Corporation" means a legal entity established under the laws of Greece.

e) The terms "corporation of one Contracting State" and "corporation of the other Contracting State" mean a United States corporation or a Greek corporation, as the context requires.

f) The term "United States enterprise" means an industrial or commercial enterprise or undertaking carried on in the United States by a citizen or resident of the United States or by a United States corporation.

g) The term "Greek enterprise" means an industrial or commercial enterprise or undertaking carried on in Greece by a subject or resident of Greece or by a Greek corporation.

h) The terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" mean a United States enterprise or a Greek enterprise, as the context requires.

i) The term "permanent establishment", when used with respect to an enterprise of one of the Contracting States, means a branch, factory or other fixed place of business, but does not include an agency unless that agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on behalf of such enterprise. An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business dealings in such other Contracting State through a bona fide commission agent, broker or custodian acting in the ordinary course of his business as such. The fact that an enterprise of one of the Contracting States maintains in the other Contracting State a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute such fixed place of business a permanent establishment of such enterprise. When a corporation of one Contracting State has a subsidiary corporation which is a corporation of the other Contracting State or which is engaged in trade or business in such other Contracting State, such subsidiary corporation shall not, merely because of that fact, be deemed to be a permanent establishment of its parent corporation.

j) The term "competent authority" or "competent authorities" means, in the case of the United States, the Commissioner of Internal Revenue or his duly authorized representative; in the case of Greece, the General Director of Direct Taxes, or his duly authorized representative.

(2) In the application of the provisions of the present Convention by either of the Contracting States, any term which is not defined in the present Convention shall, unless the context otherwise requires, have the meaning which that term has under the laws of such Contracting State relating to the taxes which are the subject of the present Convention.

Article III

(1) An enterprise of one of the Contracting States shall not be subject to taxation by the other Contracting State in respect of its industrial or commercial profits unless it is engaged in trade or business in the other Contracting State through a permanent establishment situated therein. If it is so engaged the other Contracting State may impose the tax only upon the income of such enterprise from sources within such other State.

(2) Where an enterprise of one of the Contracting States is engaged in trade or business in the other Contracting State through a permanent establishment the industrial or commercial profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment, and the profits so attributed shall, subject to the law of such other Contracting State, be deemed to be income from sources within such other Contracting State.

(3) In determining the industrial or commercial profits from sources within one of the Contracting States of an enterprise of the other Contracting State, no profits shall be deemed to arise from the mere purchase of goods or merchandise within the former Contracting State by such enterprise.

(4) The competent authorities of the Contracting States may lay down rules by agreement for the apportionment of industrial or commercial profits.

Article IV

Where an enterprise of one of the Contracting States, by reason of its participation in the management, control or capital of an enterprise of the other Contracting State, makes with or imposes on the latter enterprise, in their commercial or financial relations, conditions different from those which would be made with an independent enterprise, any profits which would, but for these conditions, have accrued to one of the enterprises, may be included in the taxable profits of that enterprise.

Article V

(1) Income which an enterprise of one of the Contracting States derives from the operation of ships or aircraft registered or documented in that State shall be exempt from tax by the other Contracting State. Income derived by such an enterprise from the operation of ships or aircraft not so registered or documented shall be subject to the provisions of Article III.

(2) The present Convention shall be deemed to suspend, for the duration of the Convention as between the Contracting States, the provisions of the arrangement effected by exchange of notes between the United States and Greece, dated February 29, 1928, April 26, 1928, April 2, 1929, and June 10, 1929, providing for relief from double income taxation on shipping profits.

Article VI

(1) Interest (on bonds, securities, notes, debentures, or on any other form of indebtedness) received from sources within the United States by a resident or corporation of Greece not engaged in trade or business in the United States through a permanent establishment therein, shall be exempt from United States tax; but such exemption shall not apply to such interest paid by a United States corporation to a Greek corporation controlling, directly or indirectly, more than 50 percent of the entire voting power in the paying corporation.

(2) Interest (on bonds, securities, notes, debentures, or any other form of indebtedness) received from sources within Greece by a resident or corporation of the United States not engaged in trade or business in Greece through a permanent establishment therein, shall be exempt from Greek tax but only to the extent that such interest does not exceed 9 percent per annum; but such exemption shall not apply to such interest paid by a Greek corporation to a United States corporation controlling, directly or indirectly, more than 50 percent of the entire voting power in the paying corporation.

Article VII

Royalties for the right to use copyrights, patents, designs, secret processes and formulae, trade marks and other analogous property, and royalties (including rentals), (other than those in respect of motion picture films) for the use of industrial, commercial or scientific equipment, derived from sources within

one of the Contracting States by a resident or corporation of the other Contracting State not engaged in trade or business in the former State through a permanent establishment therein, shall be exempt from tax by the former State.

Article VIII

A resident or corporation of one of the Contracting States, deriving from sources within the other Contracting State royalties in respect of the operation of mines, quarries, or other natural resources, or rentals from real property, may elect for any taxable year to be subject to the tax of such other Contracting State on the basis of net income as determined under the laws of such other Contracting State during such taxable year.

Article IX

Dividends and interest paid by a Greek corporation shall be exempt from United States tax except where the recipient is a citizen, resident or corporation of the United States.

Article X

(1) A resident of Greece shall be exempt from United States tax upon compensation for labor or personal services (including the practice of the liberal and artistic professions) if he is temporarily present in the United States for a period or periods not exceeding a total of 183 days during the taxable year and either of the following conditions is met:

- a) his compensation is received for labor or personal services performed as an employee, or under contract with, a resident, or corporation or other entity of Greece, or
- b) his compensation received for labor or personal services does not exceed \$10,000.

(2) The provisions of paragraph (1) of this Article shall apply mutatis mutandis to a resident of the United States with respect to compensation for such labor or personal services performed in Greece.

(3) The provisions of this Article shall have no application to the income to which Article XI relates.

Article XI

(1) Wages, salaries and similar compensation and pensions paid by one of the Contracting States or the subdivision thereof to an individual for services rendered to such State or subdivisions shall be exempt from taxation by the other Contracting State.

(2) Private pensions and life annuities derived from within one of the Contracting States by an individual who is a resident of the other Contracting State shall be exempt from taxation by the former Contracting State.

(3) The term "pensions" as used in this Article means periodic payments made in consideration for services rendered or by way of compensation for injuries received.

(4) The term "life annuities" as used in this Article means a stated sum payable periodically at stated times during life, or during a specified number of years, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article XII

A professor or teacher who is a resident of one of the Contracting States and who is temporarily present within the other Contracting State for the purpose of teaching, for a maximum period of three years, in a university, college or other educational institution within the other Contracting State, shall be exempt from taxation by such other Contracting State on his remuneration for such teaching for such period.

Article XIII

Students or business apprentices who are residents of one of the Contracting States but who are temporarily present in the other Contracting State exclusively for the purposes of study or for acquiring business experience shall not be taxable by such other Contracting State upon remittances received by them from sources without such other State for the purpose of their maintenance or studies.

Article XIV

(1) Notwithstanding any provision of the present Convention each of the Contracting States, in determining the taxes, including all surtaxes and complementary taxes, of its citizens, subjects, residents or corporations, may include in the basis upon which such taxes are imposed all items of income taxable under its revenue laws as though this Convention had not come into effect.

(2) Subject to section 131 of the United States Internal Revenue Code, Greek tax shall be allowed as a credit against United States tax.

(3) Greece will allow against Greek tax a credit for the amount of United States tax imposed upon income from sources within the United States but in an amount not exceeding the amount of the Greek tax imposed upon such income.

Article XV

(1) The authorities of each of the Contracting States, in accordance with the practices of that State may prescribe regulations necessary to carry out the provisions of the present Convention.

(2) With respect to the provisions of the present Convention relating to exchange of information and mutual assistance in the collection of taxes, the Contracting States may, in accordance with their respective practices, prescribe rules concerning matters of procedure, forms of application and replies thereto, conversion of currency, disposition of amounts collected, minimum amounts subject to collection, and related matters.

Article XVI

(1) The provisions of the present Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the Contracting States in the determination of the taxes imposed by such State.

(2) Should any difficulty or doubt arise as to the interpretation or application of the present Convention, the competent authorities of the Contracting States shall undertake to settle the question by mutual agreement.

(3) The citizens or subjects of one of the Contracting States shall not, while resident in the other Contracting State, be subjected therein to other or more burdensome taxes than are the citizens or subjects of such other Contracting State residing in its territory. The term "citizens" or "subjects", as used in this Article, includes all legal persons, partnerships and associations deriving their status from, or created or organized under, the laws in force in, the respective Contracting States. In this Article the words "taxes" means taxes of every kind or description whether national, federal, state, provincial or municipal.

Article XVII

Where the action of the revenue authorities of the Contracting States has resulted or will result in double taxation contrary to the provisions of the present Convention, the taxpayer shall be entitled to lodge a claim with the State of which he is a citizen or subject or, if he is not a citizen or subject of either of the Contracting States, with the State of which he is a resident, or, if the taxpayer is a corporation, with the State in which it is created or organized. Should the claim be upheld, the competent authority of such State shall undertake to come to an agreement with the competent authority of the other State with a view to equitable avoidance of the double taxation in question.

Article XVIII

The competent authorities of the Contracting States shall exchange such information (being information which such authorities have at their disposal) as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the present Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those concerned with the assessment and collection of the taxes which are the subject of the present Convention. No information shall be exchanged which would disclose a technical secret, or process relating to trade, industry, business, or a profession.

Article XIX

(1) The Contracting States undertake to lend assistance and support to each other in the collection of the taxes which are the subject of the present Convention, together with interest, costs and additions to the taxes and fines not being of a penal character.

(2) In the case of applications for collection of taxes, revenue claims of each of the Contracting States which have been finally determined may be accepted for enforcement by the other Contracting State and collected in that State as though such taxes were taxes finally imposed, due and payable to that State. The State to which application is made shall not be required to enforce executory measures for which there is no provision in the law of the State making the application.

(3) Any application shall be accompanied by documents establishing that under the laws of the State making the application the taxes have been finally determined.

(4) The assistance provided for in this Article shall not be accorded with respect to the citizens or subjects, or corporations or other entities of the State to which application is made, except as is necessary to insure that the exemption or reduced rate of tax granted under the convention to such citizens or subjects, or corporations or other entities shall not be enjoyed by persons not entitled to such benefits.

Article XX

(1) In no case shall the provisions of Articles XVIII and XIX be construed so as to impose upon either of the Contracting States the obligation

a) to carry out administrative measures at variance with the regulations and practice of either Contracting State, or

b) to supply information which is not procurable under its own legislation or that of the State making application.

(2) The State to which application is made for information or assistance shall comply as soon as possible with the request addressed to it. Nevertheless, such State may refuse to comply with the request for reasons of public policy or if compliance would involve disclosure of a technical secret or process relating to trade, industry, business, or a profession. In such case it shall inform, as soon as possible, the State making the application.

Article XXI

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Athens as soon as possible.

(2) The present Convention shall become effective on the first day of January of the year in which the exchange of the instruments of ratification takes place. It shall continue effective for a period of five years beginning with that date and indefinitely after that period, but may be terminated by either of the Contracting States at the end of the five-year period or at any time thereafter, provided that at least six months' prior notice of termination has been given, the termination to become effective on the first day of January following the expiration of the six-month period.

Done at Athens, in duplicate, in the English and Greek languages, the two texts having equal authenticity, this 20th day of February, 1950.

For the Government of the Kingdom of Greece

For the Government of the United States of
America

PROTOCOL OF EXCHANGE

The undersigned, the Honorable Cavendish W. Cannon, Ambassador of the United States of America in Greece, and His Excellency, Alexander Papagos, Field Marshal of Greece Prime Minister, Minister of Foreign Affairs and interim, being duly authorized by their respective Governments, have met for the purpose of exchanging the instruments of ratification by their respective Governments of the convention between the United States of America and the Kingdom of Greece for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Athens on February 20, 1950, and the respective instruments of ratification of the convention aforesaid having been compared and found to be in due form, the exchange took place this day.

As recited in the ratification on the part of the United States of America, the Senate of the United States of America, in its resolution of September 17, 1951 advising and consenting to the ratification of the convention aforesaid, expressed a certain understanding with respect thereto, as follows:

"It is understood that the application of Article XIX of the convention shall be confined and limited as granting authority to each Contracting State to collect only such taxes imposed by the other Contracting State as will insure that the exemption or reduced rate of tax granted under the present convention by such other State shall not be enjoyed by persons not entitled to such benefits".

The text of the said understanding was communicated by the Government of the United States of America to the Government of the Kingdom of Greece. The Government of the Kingdom of Greece has accepted the said understanding by a supplementary protocol signed in Athens on April 20, 1953 and ratified by Legislative Decree No. 2548, of August 16, 1953, promulgated with the advice and consent of the Interim Parliamentary Committee and published in the Greek Government Gazette, Volume I, Folio 231, of August 27, 1953.

Accordingly it is understood by the two Governments that, upon entry into force of the convention aforesaid in accordance with its provisions, Article XIX thereof shall be applied in accordance with the said understanding.

In witness whereof, the respective Plenipotentiaries have signed the present Protocol of Exchange.

Done in duplicate, in the English and Greek languages, at Athens this 30th day of December 1953.

For the Government of the United States of America For the Government of the Kingdom of Greece