

No. 10552

**BELGIUM
and
GREECE**

**Agreement for the avoidance of double taxation and the regulation
of certain other matters with respect to taxes on income (with
Final Protocol). Signed at Athens on 24 May 1968**

Authentic texts: French, Dutch and Greek.

Registered by Belgium on 17 June 1970.

**BELGIQUE
et
GRÈCE**

**Convention en vue d'éviter les doubles impositions et de régler
certaines autres questions en matière d'impôts sur le revenu
(avec Protocole final). Signée à Athènes le 24 mai 1968**

Textes authentiques: français, néerlandais et grec.

Enregistrée par la Belgique le 17 juin 1970.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN BELGIUM AND GREECE FOR
THE AVOIDANCE OF DOUBLE TAXATION AND THE
REGULATION OF CERTAIN OTHER MATTERS WITH
RESPECT TO TAXES ON INCOME

His Majesty the King of the Belgians and

His Majesty the King of the Hellenes,

Desiring to avoid double taxation and to regulate certain other matters with respect to taxes on income, have decided to conclude an agreement and for that purpose have appointed as their plenipotentiaries:

His Majesty the King of the Belgians:

His Excellency Count de Selys Longchamps, Ambassador Extraordinary and Plenipotentiary;

His Majesty the King of the Hellenes:

His Excellency Mr. Panayotis Pipinelis, Minister for Foreign Affairs,

Who, having exchanged their full powers, found in good and due form, have agreed as follows:

I. SCOPE OF THE AGREEMENT

Article 1

PERSONAL SCOPE

This Agreement shall apply to persons who are residents of one or both of the Contracting States.

¹ Came into force on 27 May 1970, the fifteenth day following the date of the exchange of the instruments of ratification (Brussels, 12 May 1970), with retroactive effect from 1 January 1967, in accordance with the provisions of article 30 (2).

Article 2

TAXES COVERED

(1) This Agreement shall apply to taxes on income imposed on behalf of each Contracting State, and political subdivisions and local authorities thereof, irrespective of the manner in which they are levied.

(2) There shall be regarded as taxes on income all taxes imposed on total income or on elements of income—whether such taxes are assessed under the general scheme or on special bases—including gains from the alienation of movable or immovable property, as well as capital appreciation.

(3) The existing taxes to which the Agreement shall apply are, in particular:

A. In the case of Belgium:

- (a) The tax on individuals (*l'impôt des personnes physiques*);
- (b) The company tax (*l'impôt des sociétés*);
- (c) The tax on legal persons (*l'impôt des personnes morales*);
- (d) The non-residents' tax (*l'impôt des non-résidents*), including taxes collected in advance (*précomptes*) and supplements to taxes collected in advance (*compléments de précomptes*), surcharges (*centimes additionnels*) on the aforementioned taxes and advance collections, and the additional communal tax (*taxe communale additionnelle*) to the tax on individuals (hereinafter referred to as “the Belgian tax”).

B. In the case of Greece:

- (a) The income tax on natural persons;
- (b) The income tax on legal entities;
- (c) The tax on ships, including such of these taxes as are assessed on special bases, as well as taxes additional to the aforementioned taxes and the contributions assessed on the amount thereof (hereinafter referred to as “the Greek tax”).

(4) The Agreement shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. At the end of each year the competent authorities of the Contracting States shall notify each other of any changes which have been made in their respective taxation laws.

II. DEFINITIONS

Article 3

GENERAL PROVISIONS

1. In this Agreement, unless the context otherwise requires:

- (a) The term “Belgium”, when used in a geographical sense, means the territory of the Kingdom of Belgium; the term “Greece”, when used in the same sense, means the territory of the Kingdom of Greece;
- (b) The terms “a Contracting State” and “the other Contracting State” mean Belgium or Greece, as the context requires;
- (c) The term “person” comprises an individual and a company;
- (d) The term “company” means any body corporate or other entity which is liable to taxation as such in respect of its income in the State of which it is a resident;
- (e) The terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean, respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (f) The term “competent authorities” means:
 - (1) In the case of Belgium, the authority which is competent under its national laws, and
 - (2) In the case of Greece, the Minister of Finance or his authorized representative.

2. As regards the application of the Agreement by a Contracting State, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of the Agreement.

Article 4

FISCAL DOMICILE

1. For the purposes of this Agreement, the term “resident of a Contracting State” means any person whose income is liable to taxation therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then this case shall be determined in accordance with the following rules:

- (a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest (centre of vital interests);
- (b) If the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
- (c) If he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;
- (d) If he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term “ permanent establishment ” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

2. The term “ permanent establishment ” shall include especially:

- (a) A place of management;
- (b) A branch;
- (c) An office;
- (d) A factory;
- (e) A workshop;
- (f) A mine, quarry or other place of extraction of natural resources;

(g) A building site or construction or assembly project which exists for more than twelve months.

3. The term “ permanent establishment ” shall not be deemed to include:

- (a) The use of facilities solely for the purposes of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - (c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - (d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
 - (e) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.
- (f) An enterprise of a Contracting State, not covered in paragraphs 2 and 4 which merely rents or provides on lease or concession in the other Contracting State installations of any kind, equipment or property and rights within the meaning of article 12, paragraph 3.

4. A person—other than an agent of an independent status to whom paragraph 5 applies—acting in a Contracting State on behalf of an enterprise of the other Contracting State shall be deemed to be a permanent establishment of the enterprise in the first-mentioned State if he habitually concludes in that State contracts in the name of such enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent, or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

6. The fact that a company resident in a Contracting State controls or is controlled by a company resident in the other Contracting State, or a company which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

III. TAXATION OF INCOME

Article 6

INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term “immovable property” shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

Article 7

BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Without prejudice to the application of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and acting wholly independently.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including reasonable executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. Where there are no regular accounts or other records from which it is possible to determine how much of the profits of an enterprise of a Contracting State is attributable to its permanent establishment situated in the other Contracting State, the tax in that other State may be determined in accordance with the law of that other State, in particular, by taking as a basis the normal profits of enterprises of that other State carrying on the same or similar activities under the same or similar conditions.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits of an enterprise include items of income which are dealt with separately in other articles of this Agreement, then the provisions of this article shall not affect the provisions of those articles as concerns the taxation of such items of income.

Article 8

SHIPPING AND AIR TRANSPORT ENTERPRISES

1. Notwithstanding the provisions of article 7, paragraphs 1 to 6:

- (a) Income from the operation of ships in international traffic shall be taxable in the Contracting State in whose territory such ships are registered or by which the ship's papers have been issued;
- (b) Income from the operation of aircraft in international traffic shall be taxable in the Contracting State in which the place of effective management of the enterprise is situated.

2. Where the place of effective management of a shipping enterprise is on board a ship, it shall be deemed to be situated in the Contracting State in which the home port of that ship is situated or, if there is no home port, in the Contracting State of which the operator of the ship is a resident.

Article 9

INTERDEPENDENT ENTERPRISES

Where an enterprise of a Contracting State participates directly or indirectly in the management, control or financing of an enterprise of the other Contracting State, or where the same persons participate directly or indirectly in the management, control or financing of an enterprise of a Contracting State and an enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 10

DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed:

- (a) Fifteen per cent of the gross amount of the dividends, in the case of dividends paid by a company resident in Belgium;
- (b) Twenty-five per cent of the gross amount of the dividends, in the case of dividends paid by a company resident in Greece.

The competent authorities of the Contracting States shall by mutual agreement determine the mode of application of this limitation.

3. Paragraph 2 shall not have the effect of limiting

- (1) The taxation of a company resident in a Contracting State in respect of the profits out of which its dividends are paid;
- (2) The taxation of a company resident in Belgium in the event of the redemption of its own stock or shares or the division of its assets.

4. The term “dividends” as used in this article means income from shares, *jouissance* shares or *jouissance* rights, founders’ shares or other rights, as well as income from other corporate rights treated in the same way as income from shares under the taxation law of the State of which the company making the distribution is a resident.

The said term includes income — even if paid in the form of interest — which is taxable as income from capital invested by partners in partnerships — other than partnerships limited by shares — which are residents of Belgium.

5. Paragraph 2 shall not apply where the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case the provisions of article 7 shall apply. The said provisions shall not prevent the levying of taxes due at source on the said dividends in accordance with the laws of the other Contracting State.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not — except in the case referred to in paragraph 5 — impose any tax on the dividends paid by that company to a resident of the first-mentioned State, or subject the company’s undistributed profits to any additional taxation, even if the dividends distributed or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 11

INTEREST

1. Interest arising in the Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed:

- (a) Ten per cent of the amount of the interest, in the case of interest arising in Belgium and paid to a resident of Greece;
- (b) Fifteen per cent of the amount of the interest, in the case of interest arising in Greece and paid to a resident of Belgium.

The competent authorities of the Contracting States shall by mutual agreement determine the mode of application of this limitation.

3. The term “interest” as used in this article means income from government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims or deposits of every kind, as well as lottery bond prizes and all other income treated in the same way as income from money lent or deposited under the taxation law of the State in which the income arises. The said term does not include interest treated as dividends under article 10, paragraph 4, second subparagraph.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim or deposit from which the interest arises is effectively connected. In such a case the provisions of article 7 shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connexion with which the indebtedness on which the interest is paid was incurred, and the interest is borne as such by the permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim or deposit for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the rate limitation provided for in paragraph 2 shall apply only to the last-mentioned amount. In that case the excess amount of the interest may be taxed in the Contracting State in which the interest arises, in accordance with the national law of that State.

Article 12

ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable in that other State.

2. However, such royalties may be taxed in the Contracting State in which they arise and in accordance with the law of that State, but the tax so charged shall not exceed five per cent of their gross amount.

The competent authorities of the two States shall determine the mode of application of this limitation.

3. The term "royalties" as used in this article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process; or for the use of, or the right to use, industrial, commercial or scientific equipment, not being immovable property within the meaning of article 6, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which they arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case the provisions of article 7 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connexion with which the contract giving rise to the royalties was concluded, and the royalties are borne as such by the permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient, or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the normal amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the percentage limitation prescribed in paragraph 2 shall apply only to the last-mentioned amount. In that case the excess amount of the royalties may be taxed in the Contracting State in which the royalties arise, in accordance with the law of that State.

Article 13

CAPITAL GAINS

1. Gains from the alienation of immovable property, as defined in article 6, paragraph 2, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. The rules laid down in article 7, paragraphs 2 and 3, shall apply to the determination of the amount of such gains.

However, gains from the alienation of ships or aircraft operated in international traffic, and of movable property used for the operation thereof, shall be taxable in the Contracting State in which the income arising out of the operation of such ships or aircraft is taxable in virtue of article 8.

3. Gains from the alienation of any other property, including an interest—not forming part of the assets of a permanent establishment covered by paragraph 2, first subparagraph—in an enterprise carried on by a company limited by shares, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14

PROFESSIONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless he has a fixed base regularly available to him in the other State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other State but only so much of it as is attributable to the activities performed through that fixed base.

2. The term “professional services” includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of articles 16, 17, subparagraph (b), 18, 19, paragraphs 1 and 2, 20 and 21, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding paragraph 1 but subject to the provisions referred to therein, remuneration derived by a resident of a Contracting State in respect of an employment, other than an employment mentioned in paragraph 3, exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- (a) It is paid in respect of an activity exercised in the other State for a period or periods not exceeding in the aggregate 183 days—including normal interruptions of work—in the calendar year, and
- (b) The remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
- (c) The remuneration is not borne as such by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the provisions of paragraph 1, remuneration in respect of an employment exercised

- (a) Aboard a ship operated in international traffic shall be taxable in the State entitled under article 8, paragraph 1 (a), to tax the income derived from such operation by the employer;
- (b) Aboard an aircraft operated in international traffic shall be deemed to relate to an activity exercised in the Contracting State in which the place of effective management of the enterprise is situated and shall be taxable in that State.

Article 16

DIRECTOR OF COMPANIES LIMITED BY SHARES

1. Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or other

similar organ of a company limited by shares which is a resident of the other Contracting State may be taxed in that other State.

This provision shall also apply to remuneration derived by a general partner (*associé commandité*) in a partnership limited by shares (*société en commandite par actions*) which is a resident of Belgium.

2. Remuneration paid to a person referred to in paragraph 1 by a permanent establishment situated in the Contracting State other than that of which the company is a resident, in respect of a daily activity exercised in such establishment, may be taxed in that other State.

Article 17

INDEPENDENT ARTISTS OR ATHLETES AND RELATED ACTIVITIES

Notwithstanding the provisions of articles 14 and 15,

- (a) Income derived by public entertainers, such as theatre, motion picture, radio or television artists, and musicians, and by athletes, from their independent personal activities as such may be taxed in the Contracting State in which these activities are exercised;
- (b) The rule laid down in subparagraph (a) shall also apply to income from personal activities exercised independently or as an employee by any person participating in the organization or execution of such performances by professional entertainers or athletes.

Article 18

PENSIONS

Subject to the provisions of article 19, paragraphs 1 and 2, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

Article 19

PUBLIC REMUNERATION AND PENSIONS

1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or a political subdivision or local authority thereof to an

individual who is not a national of the other Contracting State, in respect of services rendered to the first-mentioned State or to a political subdivision or local authority thereof, may be taxed in that State.

2. Pensions and other recurring or non-recurring payments which are paid pursuant to the social legislation of a Contracting State by that State, or by a political subdivision, a local authority or a public corporation thereof may be taxed in that State.

3. Paragraph 1 shall not apply to remuneration or pensions in respect of services rendered in connexion with any commercial or industrial activity carried on by one of the Contracting States or a political subdivision or local authority thereof.

Article 20

TEACHERS

Any remuneration paid to professors and other teachers who are residents of a Contracting State and who are temporarily present in the other Contracting State for the purpose of teaching or carrying on scientific research at a university or other officially recognized non-profit educational or research institution in that State for a period not exceeding two years shall be taxable only in the first-mentioned State.

Article 21

STUDENTS, APPRENTICES OR TRAINEES

A student, apprentice or trainee who is or was a resident of a Contracting State and who is temporarily present in the other Contracting State solely for the purpose of his education or training shall not be liable to taxation in that other State in respect of:

- Moneys which he receives from sources outside that other State for his maintenance, education or training;
- Remuneration which he receives in respect of employment exercised in that other State, provided that the total of such moneys and remuneration does not exceed in any one fiscal year 120,000 Belgian francs or the equivalent in Greek currency at the official rate of exchange.

Article 22

INCOME NOT EXPRESSLY MENTIONED

A resident of a Contracting State shall not be liable to tax in the other Contracting State in respect of items of income which are not expressly mentioned in the foregoing articles if, under the law of the first State, he is taxable in that State in respect of such items of income.

If, however, such items of income are included in the income arising from a permanent establishment or a fixed base operated in that other State by the said resident, they shall be taxable in that other State.

IV. METHODS FOR AVOIDANCE OF DOUBLE TAXATION

Article 23

1. Where a resident of Greece receives income which is, in accordance with the provisions of the Agreement, liable to taxation in Belgium, Greece shall deduct from the tax it levies on that resident's income an amount equal to the income tax paid in Belgium. This deduction shall be effected in the manner prescribed by Greek law respecting the allowing of foreign taxes as a deduction from Greek tax. It shall not exceed that part of the Greek tax, as computed before deduction, which corresponds to the income taxable in Belgium.

2. In the case of residents of Belgium double taxation shall be avoided as follows:

- (a) Income which may be taxed in Greece in accordance with this Agreement — with the exception of income specified in subparagraphs (c), (e) and (f) — shall be exempt from Belgian taxes. This exemption shall not limit the right of Belgium to apply, in assessing the tax payable on other income of such a resident, the same rate as would have applied if the aforementioned income had not been exempted;
- (b) Where, under Belgian law, losses sustained by an enterprise of Belgium in a permanent establishment situated in Greece have been effectively deducted from the profits of such enterprise for the purpose of its taxation in Belgium, the exemption provided for in subparagraph (a) shall not

- apply to the profits of other taxable periods which are attributable to such establishment but have been exempt from taxation in Greece by reason of their being offset by the said losses;
- (c) Subject to the provisions of subparagraphs (e) and (f), where a resident of Belgium receives income which is taxable in Greece under article 10, paragraph 2, article 11, paragraphs 2 and 6, or article 12, paragraphs 2 and 6, Belgium shall grant a deduction proportionate to the fixed quota of Greek tax, determined in the manner and at the rates prescribed by Belgian law;
- (d) Notwithstanding the provisions of its national law, Belgium shall also grant the deductions provided for in subparagraph (c) in respect of the income referred to in that paragraph which is taxable in Greece under this Agreement and the general provisions of Greek law, where it is temporarily exempted from taxation in that country by special statutory provisions designed to encourage investments beneficial to the development of the Greek economy;
- (e) Where a company which is a resident of Belgium owns stock or shares in a company limited by shares, which is resident in Greece and subject in that State to the tax specified in article 2, paragraph 3 B (b), dividends paid to it by the last-mentioned company shall be exempted in Belgium from the tax specified in article 2, paragraph 3 A (b), to the extent that such exemption would be granted if both companies were residents of Belgium. This provision shall not preclude the levying, in respect of such dividends, of the movable property tax collected in advance (*précompte mobilier*) payable under Belgian law.
- (f) Where stock or shares in a company limited by shares which is a resident of Greece and which is liable in that State to the income tax on legal entities has or have been held throughout the said company's financial year by a company which is a resident of Belgium, as sole owner, the last-mentioned company shall also be exempt from the movable property tax collected in advance which is payable under Belgian law in respect of dividends on the said stock or shares, provided that it makes written application for such exemption within the prescribed time for the submission of its annual tax return, but such dividends not subject to the movable property tax collected in advance may not, when they are passed on to the shareholders of the last-mentioned company, be deducted from the distributed dividends which are subject to the said tax. This provision shall not apply if the Belgian company has formally elected to have its profits subjected to the tax on individuals.

V. SPECIAL PROVISIONS

Article 24

NON-DISCRIMINATION

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. The term “ nationals ” means:

(a) All individuals possessing the nationality of a Contracting State;

(b) All companies deriving their status as such from the law in force in a Contracting State.

3. Stateless persons shall not be subjected in a Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that State in the same circumstances are or may be subjected.

4. Individuals resident in a Contracting State who are liable to taxation in the other State shall enjoy in the last-mentioned State — as regards the assessment of taxes calculated, in accordance with the law of that other State, at progressive rates or on a basis reduced by reliefs — exemptions, reliefs at source, allowances or other advantages which are granted on account of dependency responsibilities to individuals who are nationals of and resident in that other State.

5. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that State than the taxation levied on enterprises of that other State carrying on the same activities.

The foregoing provision shall not prevent profits attributable to the permanent establishment owned in a Contracting State by a company resident in the other Contracting State or another association of persons having their place of effective management in that other State from being taxed collectively in the first State at the rate prescribed by its national law, provided that this does not exceed the maximum rate of tax applicable to all or part of the profits of the companies resident in the first-mentioned State.

6. Save where article 9 is applicable, interest, royalties and other moneys paid by an enterprise of a Contracting State to a resident of the other Contracting State shall be deductible for the purpose of determining the taxable profits of that enterprise, in the same way as if they had been paid to a resident of the first-mentioned State.

7. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

8. In this article the term “taxation” means taxes of every kind and description.

Article 25

MUTUAL AGREEMENT PROCEDURE

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in double taxation not in accordance with this Agreement, he may, independently of the remedies and time-limits therefor prescribed in the national laws of those States, make written application with a statement of the reasons for a review of the said taxation to the competent authority of the Contracting State of which he is a resident. Such application shall be submitted within two years from the date of notification or of deduction at source of the second taxation.

2. The competent authority referred to in paragraph 1 shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of double taxation not in accordance with the Agreement.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the application of the Agreement.

4. The competent authorities of the Contracting States shall agree on the administrative measures required for the implementation of the provisions of the Agreement, and in particular on the evidence to be produced by residents of each State in order to enjoy in the other State the tax exemptions or reductions provided for in this Agreement.

Article 26

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for applying the provisions of this Agreement and for preventing the evasion of the taxes specified therein.

Any information so obtained shall be treated as secret; it shall be disclosed — other than to the taxpayer or his agent — only to the persons or authorities concerned with the assessment or collection of the taxes which are the subject of this Agreement and with appeals relating thereto, and to the judicial authorities for the purpose of criminal prosecution.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

- (a) To carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) To supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- (c) To supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (*ordre public*).

Article 27

ASSISTANCE FOR THE COLLECTION OF TAXES

1. The Contracting States undertake to afford each other aid and assistance for the notification and collection of the taxes referred to in article 2, namely, the principal, increases, surcharges, interest, costs and fines not of a criminal character.

2. Upon application by the competent authority of a Contracting State, the competent authority of the other Contracting State shall notify and collect, in accordance with the laws and regulations applicable to the collection of the said taxes of the last-mentioned State, the tax claims referred to in paragraph 1 which are payable in the first State. The said claims shall not be given precedence in the State applied to, and the latter shall not be required to levy execution by measures which are not authorized by the laws and regulations of the applicant State.

3. The applications referred to in paragraph 2 shall be accompanied by an official copy of the enforceable instruments, together with an official copy of any decisions which have acquired final effect.

4. In the case of tax claims which are still subject to appeal, the competent authority of a Contracting State may, in order to safeguard the rights of that State, request the competent authority of the other Contracting State to take the conservatory measures provided by the law of the last-mentioned State; the provisions of paragraphs 1 to 3 shall apply to such measures, *mutatis mutandis*.

5. Article 26, paragraph 1, second subparagraph, shall also apply to any information furnished pursuant to this article to the competent authority of the State applied to.

6. The Ministers of Finance of the two Contracting States or their agents appointed for this purpose shall communicate directly with each other for the purposes prescribed in articles 25, 26 and 27.

Article 28

LIMITATION OF THE EFFECTS OF THE AGREEMENT

1. Without prejudice to the application of article 23, paragraph 2 (*f*), the provisions of this Agreement shall not limit the rights and advantages granted by the law of a Contracting State in respect of taxes covered by article 2.

2. These provisions shall not affect the fiscal privileges enjoyed by members of diplomatic missions and consulates under the general rules of international law or under the provisions of special agreements.

VI. FINAL PROVISIONS

Article 29

SUSPENSION OF EFFECT OF AN EARLIER AGREEMENT

On the date on which this Agreement enters into force and for such time as it remains in force the provisions of the Agreement, concluded between Belgium and Greece by an exchange of letters on 15 and 23 June 1954,¹ for the reciprocal exemption from taxation of the profits of sea or air transport undertakings in international traffic, shall cease to apply.

¹ United Nations, *Treaty Series*, vol. 199, p. 43.

Article 30

ENTRY INTO FORCE

1. This Agreement shall be ratified and the instruments of ratification shall be exchanged as soon as possible at Brussels.

2. This Agreement shall enter into force on the fifteenth day following the date of the exchange of instruments of ratification and shall apply:

- (a) To taxes payable by deduction at the source in respect of income accruing or paid on or after 1 January 1967;
- (b) To other taxes levied on income for taxable periods ending on or after 31 December 1966.

Article 31

TERMINATION

This Agreement shall continue in effect indefinitely, but either Contracting State may, on or before the thirtieth day of June of any calendar year beginning with the fifth year after the year of its ratification, give written notice of termination, through the diplomatic channel, to the other Contracting State. In the event of notice of termination given before the first day of July of any such year, the Agreement shall apply for the last time:

- (a) To taxes payable by deduction at the source in respect of income normally accruing or paid on or before the thirty-first day of December of that year;
- (b) To other taxes levied on income for taxable periods normally ending on or before the thirtieth day of December of that year.

IN WITNESS WHEREOF the plenipotentiaries of the two States have signed this Agreement and have thereto affixed their seals.

DONE at Athens on 24 May 1968, in duplicate in the French, Dutch and Greek languages, the three texts being equally authentic. In the event of divergence between the texts the French text shall be authentic.

For the Kingdom of Belgium:

Count DE SELYS LONGCHAMPS

[SEAL — SCEAU]

For the Kingdom of Greece:

P. PIPINELIS

[SEAL — SCEAU]

FINAL PROTOCOL

On signing the Agreement concluded this day between Belgium and Greece for the avoidance of double taxation and the regulation of certain other matters with respect to taxes on income, the undersigned plenipotentiaries have agreed upon the following provisions, which form an integral part of this Agreement.

1. DEFINITION OF “ PERMANENT ESTABLISHMENT ”

Ad article 5, paragraph 2 (g)

This provision shall apply, under the same conditions, to any base used by an enterprise of a Contracting State in the other State for the purpose of carrying out studies or research therein or rendering services of a technical or scientific nature therein, provided that such studies or operations come within the scope of its normal activity.

2. BUSINESS PROFITS

Ad article 7, paragraph 1

Where the right to tax the profits of an enterprise operated by a company — other than a company limited by shares — resident in a Contracting State is conferred on a Contracting State under article 7, paragraph 1, no provision of the Agreement shall prevent that State from taxing the said profits in the name of the shareholders of that company.

3. SHIPPING ENTERPRISES

Ad article 8, paragraph 1 (a)

Where ships registered in a Contracting State or holding ship's papers issued by that State are operated by an enterprise having its place of effective management in the other Contracting State, the income referred to in the said paragraph shall be taxable in such other State.

4. DIVIDENDS

Ad article 10, paragraph 2 (b)

Where, as a result of an amendment of the Greek laws in force on the date of signature of the Agreement, the dividends referred to in article 10, paragraph

2 (b), would no longer be deducted from the net over-all income of the company which is liable to Greek income tax on legal entities, the competent authorities of the two Contracting States would confer with a view to revising, in a spirit of reciprocity, the maximum rate prescribed in the said article 10, paragraph 2 (b).

DONE at Athens, on 24 May 1968, in duplicate in the French, Dutch and Greek languages.

COUNT DE SELYS LONGCHAMPS

P. PIPINELIS
