No. 9465

GREECE
and
CYPRUS

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Athens on 30 March 1968

Authentic text: Greek.

Registered by Greece on 14 March 1969.

GRÈCE
et
CHYPRE

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Athènes le 30 mars 1968

Texte authentique: grec.

Enregistré par la Grèce le 14 mars 1969.

[TRANSLATION — TRADUCTION]

CONVENTION[1] BETWEEN THE KINGDOM OF GREECE AND THE REPUBLIC OF CYPRUS 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 Republic of Cyprus, desiring to avoid double taxation and to prevent fiscal evasion with respect to taxes on income, have agreed to conclude the following Convention. For that purpose they have appointed as their plenipotentiaries :

The Government of the Kingdom of Greece :

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

The Government of the Republic of Cyprus :

His Excellency Mr. Nikolaos Kranidiotis, Ambassador of the Republic of Cyprus,

who, having communicated to one another their full powers, found in good and due form, have agreed as follows :

Article 1

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

Article 2

1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State or of its political sub-divisions or local authorities, 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, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

3. The taxes to which the Convention shall apply are, in particular :

(*a*) In the case of the Kingdom of Greece :

(i) The tax on individual income;

(ii) The income tax on legal entities;

[1] Came into force on 16 January 1969 by the exchange of the instruments of ratification, which took place at Athens, in accordance with article 26.

(iii) The contribution for the farm security organization and all other income taxes and supplementary and other taxes imposed in the territory of the Kingdom of Greece, hereinafter referred to as "Greek tax";

(*b*) In the case of the Republic of Cyprus :

The income tax, hereinafter referred to as "Cypriot tax".

4. The Convention shall also apply to any identical or substantially similar taxes imposed in addition to or in place of the existing taxes.

5. 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.

Article 3

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

(*a*) The terms "a Contracting State" and "the other Contracting State" mean the Kingdom of Greece or Cyprus, as the context requires;

(*b*) The term "person" comprises an individual, a company and any other body of persons, corporate or not corporate;

(*c*) The term "company" means any body corporate or any body of persons which is treated as a body corporate for tax purposes;

(*d*) The term "tax" means Greek tax or Cypriot tax, as the context requires;

(*e*) The term "resident of the Kingdom of Greece" means :

(i) Any company whose activities are managed and controlled in Greece;

(ii) Any other person who is resident in Greece for the purposes of Greek tax and not resident in Cyprus for the purposes of Cypriot tax;

(*f*) The term "resident of Cyprus" means :

(i) Any company whose activities are managed and controlled in Cyprus;

(ii) Any other person who is resident in Cyprus for the purposes of Cypriot tax and not resident in Greece for the purposes of Greek tax;

(*g*) The terms "resident of a Contracting State" and "resident of the other Contracting State" mean a person who is resident in Greece or a person who is resident in Cyprus, as the context requires;

(*h*) 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;

(*i*) The term "competent authority" means :

(i) In the case of the Kingdom of Greece, the Ministry of Finance;

(ii) In the case of the Republic of Cyprus, the Commissioner of Income Tax or his authorized representative.

2. Where any article of this Convention provides (with or without limitations) that income derived by a resident of a Contracting State from sources in the other Contracting State is taxable only in the first-mentioned State or is entitled to a lower rate of taxation in the other State, and under the laws in force in the first-mentioned State the income in question is taxable on the basis of the amount paid and received in that State and not on the basis of the total amount the exemption or the lower rate of taxation in the other State in accordance with that article shall apply only to that part of the income which is paid and received in the first-mentioned State.

3. As regards the application of the Convention 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 Convention.

Article 4

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of the enterpise 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.

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

(*a*) The use of facilities solely for the purpose 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 marchandise, 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.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State—other than an agent of an independent status to whom paragraph 5 applies—shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the 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 (representative) 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 which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or 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.

7. Where an enterprise of one of the Contracting States sells in the other State goods manufactured, assembled, processed, packed or distributed in the other State by an enterprise for, or to the order of, the first-mentioned enterprise and

(*a*) Either enterprise participates directly or indirectly in the management, control or capital of the other enterprise; or

(*b*) The same persons participate directly or indirectly in the management, control or capital of both enterprises,

then for the purposes of this Convention the first-mentioned enterprise shall be deemed to have a permanent establishment in the other State and to carry on trade or business in the other State through that permanent establishment.

Article 5

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 provi-