
STATUTORY INSTRUMENTS

1954 No. 142

INCOME TAX

**The Double Taxation Relief (Taxes
On Income) (Greece) Order, 1954**

Made - - - - 10th February 1954

At the Court of Saint James, the 10th day of February, 1954

Present,

Her Majesty Queen Elizabeth The Queen Mother.

Her Royal Highness The Princess Margaret.

His Royal Highness The Duke of Gloucester.

Lord President

Captain Thorneycroft

Lord De L'Isle and Dudley

Mr. Boyd-Carpenter

Mr. Buchan-Hepburn

Sir Lionel Heald

Whereas Her Majesty, in pursuance of the Regency Acts, 1937 to 1953, was pleased, by Letters Patent dated the twentieth day of November, 1953, to delegate to Her Majesty Queen Elizabeth The Queen Mother, Her Royal Highness The Princess Margaret, His Royal Highness The Duke of Gloucester, Her Royal Highness The Princess Royal and the Earl of Harewood, or any two or more of them, as Counsellors of State, full power and authority during the period of Her Majesty's absence from the United Kingdom to summon and hold on Her Majesty's behalf Her Privy Council and to signify thereat Her Majesty's approval of anything for which Her Majesty's approval in Council is required:

And Whereas it is provided by subsection (1) of section three hundred and forty-seven of the Income Tax Act, 1952, as amended by subsection (2) of section seventy of the Finance Act, 1952, that if Her Majesty by Order in Council declares that arrangements specified in the Order have been made with the Government of any territory outside the United Kingdom with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and any taxes of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect, the arrangements shall have effect to the extent specified in that subsection as so amended:

And Whereas under certain other provisions of Part XIII of the Income Tax Act, 1952, certain other consequences ensue on the making of any such Order:

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And Whereas a draft of this Order was laid before the Commons House of Parliament in accordance with the provisions of subsection (6) of section three hundred and forty-seven of the said Act and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of this Order:

Now, therefore, Her Majesty Queen Elizabeth The Queen Mother, Her Royal Highness The Princess Margaret and His Royal Highness The Duke of Gloucester, being authorised thereto by the said Letters Patent, and in pursuance of the powers conferred by subsection (1) of the said section three hundred and forty-seven and of all other powers in that behalf, do hereby, by and with the advice of Her Majesty's Privy Council, on Her Majesty's behalf order, and it is hereby ordered, as follows:—

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (Greece) Order, 1954.
2. It is hereby declared—
 - (a) that the arrangements specified in the Convention set out in the Schedule to this Order have been made with the Government of Greece with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and taxes of a similar character imposed by the laws of Greece; and
 - (b) that it is expedient that those arrangements should have effect.

W.G. Agnew

SCHEDULE

“CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF GREECE FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Greece,

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

ARTICLE I.—(1) The taxes which are the subject of the present Convention are:

(a) in Greece:

the income tax, including the schedular or analytical tax and the complementary tax (hereinafter referred to as “Greek tax”)

(b) in the United Kingdom of Great Britain and Northern Ireland:

the income tax (including surtax), the profits tax and the excess profits levy (hereinafter referred to as “United Kingdom tax”).

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed in Greece or the United Kingdom subsequently to the date of signature of the Convention.

ARTICLE II.—(1) In the present Convention, unless the context otherwise requires:

(a) The term “United Kingdom” means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man;

(b) The term “Greece” means the territories of the Kingdom of Greece;

(c) The terms “one of the territories” and “the other territory” mean the United Kingdom or Greece, as the context requires;

(d) The term “tax” means United Kingdom tax or Greek tax, as the context requires;

(e) The term “person” includes any body of persons, corporate or not corporate;

(f) The term “company” means any body corporate;

(g) The terms “resident of the United Kingdom” and “resident of Greece” mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not domiciled or resident in Greece for the purposes of Greek tax, and any person who is domiciled or resident in Greece for the purposes of Greek tax and not resident in the United Kingdom for the purposes of United Kingdom tax; and a company shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and as resident in Greece if its business is managed and controlled in Greece;

(h) The terms “resident of one of the territories” and “resident of the other territory” mean a person who is a resident of the United Kingdom or a person who is a resident of Greece as the context requires;

(i) The terms “United Kingdom enterprise” and “Greek enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Greece, and the terms “enterprise of one of the territories” and “enterprise of

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the other territory” mean a United Kingdom enterprise or a Greek enterprise, as the context requires;

- (j) The term “industrial or commercial profits” includes profits from mining and farming and rents or royalties in respect of cinematograph films;
- (k) The term “permanent establishment”, when used with respect to an enterprise of one of the territories, means a branch, management, factory or other fixed place of business, and a farm, mine, quarry or other place of natural resources subject to exploitation, but does not include an agency unless the 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 its behalf.

In this connexion—

- (i) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a *bona fide* broker or general commission agent acting in the ordinary course of his business as such;
- (ii) The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise;
- (iii) The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which carries on a trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(2) Where the present Convention provides that income from a source in one of the territories shall be exempt from tax in that territory if (with or without other conditions) it is subject to tax in the other territory, and under the law in force in that other territory the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other territory and not by reference to the full amount thereof, then the exemption to be allowed under the Convention in the first territory shall apply only to so much of the income as is remitted to or received in that other territory.

(3) In the application of the provisions of the present Convention by either Contracting Party any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the Convention.

ARTICLE III.—(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Greek tax unless the enterprise carries on a trade or business in Greece through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by Greece, but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Greek enterprise shall not be subject to United Kingdom tax unless the enterprise carries on a trade or business in the United Kingdom through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories carries on a trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other

territory 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.

(4) Where an enterprise of one of the territories derives profits, under contracts concluded in that territory, from sales of goods or merchandise stocked in a warehouse in the other territory for convenience of delivery and not for purposes of display, those profits shall not be attributed to a permanent establishment of the enterprise in that other territory, notwithstanding that the offers of purchase have been obtained by an agent in that other territory and transmitted by him to the enterprise for acceptance.

(5) No portion of any profits arising to an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of goods or merchandise within that other territory by the enterprise.

ARTICLE IV. Where

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory,

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 V.—(1) Notwithstanding the provisions of Articles III and IV, profits which a resident of the United Kingdom derives from operating ships whose port of registry is in the United Kingdom, or from operating aircraft, shall be exempt from Greek tax.

(2) Notwithstanding the provisions of Articles III and IV, profits which a resident of Greece derives from operating ships whose port of registry is in Greece, or from operating aircraft, shall be exempt from United Kingdom tax.

ARTICLE VI.—(1) Any interest or royalty derived from sources within one of the territories by a resident of the other territory, who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first territory through a permanent establishment situated therein, shall be exempt from tax in that first territory.

(2) In this Article the term “interest” includes interest on a debenture or any other form of indebtedness, secured or unsecured; and the term “royalty” means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark or other like property, but does not include any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

(3) Where any interest or royalty exceeds a fair and reasonable consideration in respect of the indebtedness or rights for which it is paid, the exemption provided by this Article shall apply only to so much of the interest or royalty as represents such fair and reasonable consideration.

(4) Any capital sum derived from sources within one of the territories from the sale of patent rights by a resident of the other territory, who does not carry on a trade or business in the first territory through a permanent establishment situated therein, shall be exempt from tax in that first territory.

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ARTICLE VII. A resident of one of the territories who does not carry on a trade or business in the other territory through a permanent establishment situated therein shall be exempt in that other territory from any tax on gains from the sale, transfer or exchange of capital assets.

ARTICLE VIII.—(1) Remuneration, including pensions, paid by, or out of funds created by, one Contracting Party to any individual in respect of services rendered to that Party in the discharge of governmental functions shall be exempt from tax in the territory of the other Contracting Party, unless the individual is a national of that other Party without being also a national of the first Party.

(2) The provisions of this Article shall not apply to payments in respect of services rendered in connexion with any trade or business carried on by either Contracting Party for purposes of profit.

ARTICLE IX.—(1) An individual who is a resident of the United Kingdom shall be exempt from Greek tax on profits or remuneration in respect of personal (including professional) services performed within Greece in any year of assessment if

- (a) he is present within Greece for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a resident of the United Kingdom, and
- (c) the profits or remuneration are subject to United Kingdom tax.

(2) An individual who is a resident of Greece shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment, if

- (a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a resident of Greece, and
- (c) the profits or remuneration are subject to Greek tax.

(3) The provisions of this Article shall not apply to the profits or remuneration of public entertainers such as theatre, motion picture or radio artists, musicians and athletes.

ARTICLE X.—(1) Any pension (other than a pension of the kind referred to in paragraph (1) of Article VIII) and any annuity, derived from sources within Greece by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Greek tax.

(2) Any pension (other than a pension of the kind referred to in paragraph (1) of Article VIII) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Greece and subject to Greek tax in respect thereof, shall be exempt from United Kingdom tax.

(3) The term “annuity” means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

ARTICLE XI. A professor or teacher from one of the territories, who receives remuneration for teaching, during a period of temporary residence not exceeding two consecutive years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

ARTICLE XII. A student or business apprentice from one of the territories, who is receiving full-time education or training in the other territory, shall be exempt from tax in that other territory on payment made to him by persons in the first territory for the purposes of his maintenance, education or training.

ARTICLE XIII.—(1) Individuals who are residents of Greece shall be entitled to the same personal allowances, reliefs and reductions for the purposes of United Kingdom income tax as British subjects not resident in the United Kingdom.

(2) Individuals who are residents of the United Kingdom shall be entitled to the same personal allowances and reliefs for the purposes of Greek tax as Greek nationals not resident in Greece.

ARTICLE XIV.—(1) The laws of the Contracting Parties shall continue to govern the taxation of income arising in either of the territories, except where express provision to the contrary is made in the present Convention. Where income is subject to tax in both territories, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

(2) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom, Greek tax payable, whether directly or by deduction, in respect of income from sources within Greece shall be allowed as a credit against the United Kingdom tax payable in respect of that income.

(3) Subject to the provisions of the law of Greece regarding the allowance as a credit against Greek tax of tax payable in a territory outside Greece, United Kingdom tax payable, whether directly or by deduction, in respect of income from sources in the United Kingdom shall be allowed as a credit against any Greek tax payable in respect of that income. Where such income is an ordinary dividend paid by a company resident in the United Kingdom, the credit shall take into account, in addition to the United Kingdom tax appropriate to the dividend, the United Kingdom tax payable by the company on the corresponding part of its profits; and, where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the United Kingdom tax so payable shall likewise be taken into account in so far as the dividend exceeds that fixed rate:

provided that the amount of the credit shall not exceed the amount of the Greek tax charged in respect of that income.

(4) For the purposes of this Article, profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

ARTICLE XV.—(1) The taxation authorities of the Contracting Parties shall exchange such information (being information which is at their disposal under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of the Convention. No information as aforesaid shall be exchanged which would disclose any trade, business, industrial or professional secret or trade process.

(2) As used in this Article, the term “taxation authorities” means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative; in the case of Greece, the Director-General of Taxes or his authorised representative; and, in the case of any territory to which the present Convention is extended under Article XVII, the competent authority for the administration in such territory of the taxes to which the Convention applies.

ARTICLE XVI.—(1) The nationals of one Contracting Party shall not be subjected in the territory of the other Contracting Party to any taxation or any requirement connected therewith which

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is other, higher or more burdensome than the taxation and connected requirements to which the nationals of the latter Party are or may be subjected.

(2) The enterprises of one of the territories, whether carried on by a company, a body of persons or by individuals alone or in partnership, shall not be subjected in the other territory, in respect of profits or capital attributable to their permanent establishments in that other territory, to any taxation which is other, higher or more burdensome than the taxation to which the enterprises of that other territory similarly carried on are or may be subjected in respect of the like profits or capital.

(3) The income, profits and capital of an enterprise of one of the territories, the capital of which is wholly or partly owned or controlled, directly or indirectly, by a resident or residents of the other territory, shall not be subjected in the first territory to any taxation which is other, higher or more burdensome than the taxation to which other enterprises of that first territory are or may be subjected in respect of the like income, profits and capital.

(4) Nothing in paragraph (1) or paragraph (2) of this Article shall be construed as obliging one Contracting Party to grant to nationals of the other Contracting Party who are not resident in the territory of the former Party the same personal allowances, reliefs and reductions for tax purposes as are granted to its own nationals.

(5) In this Article the term “nationals” means —

- (a) in relation to Greece, all individuals having Greek nationality in accordance with Greek law and all legal persons established under the laws of Greece;
- (b) in relation to the United Kingdom, all British subjects and British protected persons
 - (i) residing in the United Kingdom or any British territory to which the present Convention is extended under Article XVII, or
 - (ii) deriving their status as such from connexion with the United Kingdom or any British territory to which the present Convention is extended under Article XVII,
 and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in any British territory to which the Convention applies.

(6) In this Article the term “taxation” means taxes of every kind and description levied on behalf of any authority whatsoever.

ARTICLE XVII.—(1) The present Convention may be extended, either in its entirety or with modifications, to any territory for whose international relations the United Kingdom is responsible and which imposes taxes substantially similar in character to those which are the subject of the Convention, and any such extension shall have effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed between the Contracting Parties in notes to be exchanged for this purpose.

(2) The termination in respect of Greece or the United Kingdom of the present Convention under Article XXI shall, unless otherwise expressly agreed by the Contracting Parties, terminate the application of the Convention to any territory to which it has been extended under this Article.

ARTICLE XVIII. Except as indicated, the following agreements shall not have effect in relation to any tax, in respect of any territory to which the present Convention applies, for any year or period for which the Convention has effect as respects that tax, that is to say:—

- (a) The Agreement of 31st July, 1929⁽¹⁾, between His Majesty's Government in the United Kingdom and the Greek Government for the reciprocal exemption of shipping profits from income tax, etc.

(1) See S.R. & O. 1929/1003 (Rev. X, p. 416: 1929, p. 502).

- (b) The Agreement of 17th September, 1936⁽²⁾, between His Majesty's Government in the United Kingdom and the Government of Greece for the reciprocal exemption from income tax of certain profits or gains arising through an agency.
- (c) The Agreement constituted by Exchange of Notes dated 16th November, 1950⁽³⁾, between the Government of the United Kingdom and the Government of the Kingdom of Greece for the reciprocal exemption of air transport profits from income tax, etc., except paragraph 6 and except so far as is required for the purpose of that paragraph.

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

(2) The present Convention shall enter into force upon the exchange of ratifications.

ARTICLE XX. Upon the entry into force of the present Convention in accordance with Article XIX, the provisions of the Convention shall have effect:—

(a) In the United Kingdom:

as respects income tax for any year of assessment beginning on or after the 6th April, 1952;
as respects surtax for any year of assessment beginning on or after the 6th April, 1951; and
as respects profits tax and the excess profits levy in respect of the following profits—

- (i) profits arising in any chargeable accounting period beginning on or after 1st April, 1952;
- (ii) profits attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;
- (iii) profits not so arising or attributable by reference to which income tax is, or but for the Convention would be, chargeable for any year of assessment beginning on or after the 6th April, 1952;

(b) In Greece:

- (i) in the case of income arising to a company, as respects tax on income for any accounting year ending after 1st March, 1951;
- (ii) in other cases, as respects tax on income taxable for any fiscal year beginning on or after 1st July, 1952.

ARTICLE XXI. The present Convention shall continue in force indefinitely but either Contracting Party may, on or before the 30th June in any calendar year not earlier than the year 1956, give to the other Contracting Party, through the diplomatic channel, written notice of termination and, in such event, the Convention shall cease to be effective—

(a) In the United Kingdom:

as respects income tax for any year of assessment beginning on or after the 6th April in the calendar year next following that in which the notice is given;
as respects surtax for any year of assessment beginning on or after the 6th April in the calendar year in which the notice is given; and
as respects profits tax and the excess profits levy in respect of the following profits—

- (i) profits arising in any chargeable accounting period beginning on or after the 1st April in the calendar year next following that in which the notice is given;

(2) See S.R. & O. 1937/99 (Rev. X, p. 414: 1937, p. 960)

(3) See S.I. 1951/618 (1951 I, p. 1098).

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- (ii) profits attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;
 - (iii) profits not so arising or attributable by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th April in the next following calendar year;
- (b) In Greece:
- (i) in the case of income arising to a company, as respects tax on income for any accounting year ending after 1st March in the calendar year in which the notice is given;
 - (ii) in other cases, as respects tax on income taxable for any fiscal year beginning on or after 1st July in the calendar year next following that in which the notice is given.

In witness whereof the undersigned, being duly authorised by their respective Governments, have signed the present Convention and have affixed thereto their seals.

Done in duplicate at Athens on the 25th day of June, one thousand nine hundred and fifty-three, in the English and Greek languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

L.S.

Charles Peake

For the Government of Greece:

L.S.

S. Stephanopoulos

EXPLANATORY NOTE

Under the Convention with Greece which is scheduled to this Order certain classes of income derived from one country by a resident of the other country are (subject to certain conditions) to be exempt from tax in the former country. These classes are shipping and air transport profits, certain trading profits not arising through a permanent establishment, patent and copyright royalties, interest, pensions other than Government pensions, purchased annuities and earnings of temporary business visitors. Government salaries and pensions are normally to be taxed by the paying Government only. Remuneration of visiting professors and teachers is to be exempt in the country visited.

Residents of Greece are to be entitled to the same personal allowances as British subjects resident abroad and corresponding arrangements are to be extended by Greece to residents of the United Kingdom.

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Where income continues to be taxable in both countries, relief from double taxation is to be given by the country of the taxpayer's residence by reference to the tax payable in the country of origin of the income.

Provision is included for the exchange of information between the taxation authorities of the two countries.

The Convention is to take effect for the fiscal year 1952-53.