



# INDIA - GREECE

DOUBLE TAXATION AVOIDANCE AGREEMENT

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# PREFACE

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Double Tax Avoidance Agreement ("DTAA") is a tax treaty signed between two or more countries to help taxpayers avoid paying double taxes on the same income. A DTAA becomes applicable in cases where an individual is a resident of one nation, but earns income in another. DTAA's can either be comprehensive, encapsulating all income sources or limited to certain areas. India presently has DTAA with 120+ countries.

The government of India and the government of Greece, for the avoidance of double taxation with respect to taxes on income and capital, entered into a DTAA, which came into force from 17 March, 1967 after its ratification in 1965.

The DTAA covers the tax on physical persons, income-tax on legal entities, and any special tax levied in Greece with reference to freight earned by shipping enterprises by the carriage of passengers, livestock or goods, imposed under the Royal Decrees No. 3323/1955 and 3843/1958 and the Law No. 1880/1951 in Greece and in India, it covers the income tax, super tax and the related surcharges levied under the Income Tax Act, 1961.

The DTAA as signed between the two countries provides that the withholding tax rate for interest, dividend and royalty shall be 20%, 20% and 10% respectively. Apart from a beneficial withholding tax rate, the DTAA also consists of clauses like mutual agreement procedure which comes into effect in case a dispute arises.



In order to prevent double taxation, the DTAA mentions that credit system method shall be followed. It further specifies that the incomes shall be taxed in the country in which they arise. In line with the international practices and standards, the DTAA also consists of provisions for exchange of information as per which the contracting states are required to share all relevant information related to taxation which has or can result in double taxation contradictions to be shared with the other state and such information shall be maintained and protected as secret information.

# INDIA-GREECE DTAA

The original text of the DTAA as signed between India and Greece can be referred to below:

## GREECE

### AGREEMENT FOR AVOIDANCE OF DOUBLE TAXATION WITH GREECE

Whereas the annexed Agreement between the Government of India and the Government of Greece for the avoidance of double taxation of income has been ratified and the instruments of ratification exchanged, as required by Article XX of the said Agreement ;

Now, therefore, in exercise of the powers conferred by section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby directs that all the provisions of the said Agreement shall be given effect to in the Union of India.

**Notification :** No. GSR 394, dated 17-3-1967.

## ANNEXURE

TEXT OF ANNEXED AGREEMENT DATED 11-2-1965

Whereas the Government of India and the Government of Greece desire to conclude an Agreement for the avoidance of double taxation of income ;

Now, therefore, it is hereby agreed as follows :

## ARTICLE 1

### TAXES COVERED

1. The taxes which are the subject of the present Agreement are:

(a) in India: the income-tax, the super tax, the surcharge, imposed under the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as "Indian tax");

(b) in Greece :

the tax on physical persons and the income-tax on legal entities, and any special tax levied in Greece with reference to freight earned by shipping enterprises by the carriage of passengers, livestock or goods, imposed under the Royal Decrees No. 3323/1955 and 3843/1958 and the Law No. 1880/1951

(hereinafter referred to as "Greek tax").

2. The present Agreement shall also apply to any other taxes of substantially similar character imposed in India or Greece subsequent to the date of signature of the present Agreement.

## ARTICLE 2

### DEFINITIONS

1. In the present Agreement, unless the context otherwise requires,—

(a) the term "Greece" means the territory of the Kingdom of Greece ;

(b) the terms "one of the territories" and "the other territory" mean Greece or India as the context requires ;

(c) the term "person" includes natural persons, companies and all other entities which are treated as taxable units under

the tax laws in force in the respective territories ;

(d) the term "company" means any entity which is treated as a body corporate or as a company for tax purposes ;

(e) the term "tax" means the Greek tax or Indian tax, as the context requires ;

(f) the terms "resident of Greece" and "resident of India" mean, respectively, a person who is resident in Greece for the purposes of Greek tax and not resident in India for the purposes of Indian tax, and a person who is resident in India for the purposes of Indian tax and not resident in Greece for the purposes of Greek tax. A company shall be regarded as resident in Greece if it is incorporated in Greece or its business is wholly managed and controlled in Greece; a company shall be regarded as resident in India if it is incorporated in India or its business is wholly managed and controlled in India;

(g) the terms "Greek enterprise" and "Indian enterprise" mean, respectively, an industrial or commercial enterprise or undertaking carried on by a resident of Greece and an industrial or commercial enterprise or undertaking carried on by a resident of India; and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a Greek enterprise or an Indian enterprise as the context requires ;

(h) the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on :

(aa) the term "fixed place of business" shall include a place of management, a branch, an office, a factory, a workshop, a warehouse, a mine, quarry or other place of extraction of natural resources ;

(bb) an enterprise of one of the territories shall be deemed to have a fixed place of business in the other territory if it carries on in that other territory a construction, installation or assembly project or the like ;

(cc) the use of mere storage facilities or the maintenance of a place of business exclusively for the purchase of goods or merchandise and not for any processing of such goods or merchandise in the territory of purchase, shall not constitute a permanent establishment ;

(dd) a person acting in one of the territories for or on behalf of an enterprise of the other territory shall be deemed to be a permanent establishment of that enterprise in the first-mentioned territory, only if—

(1) he has and habitually exercises in the first-mentioned territory a general authority to negotiate and enter into contracts for or on behalf of the enterprise, unless the activities of the person are limited exclusively to the purchase of goods or merchandise for the enterprise, or

(2) he habitually maintains in the first-mentioned territory a stock of goods or merchandise belonging to the enterprise from which the person regularly delivers goods or merchandise for or on behalf of the enterprise, or

(3) he habitually secures orders in the first-mentioned territory wholly or almost wholly for the enterprise itself or for the enterprise and other enterprises which are controlled by it or have a controlling interest in it ;

(ee) a broker of a genuinely independent status who merely acts as an intermediary between an enterprise of one of the territories and a prospective customer in the other territory shall not be deemed to be a permanent establishment of the enterprise in the last-mentioned territory ;

(ff) the fact that a company, which is a resident of one of the territories has a subsidiary company which either is a resident of the other territory or 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 ;

(i) the term "pension" means a periodic payment made in consideration of services rendered or by way of compensation for injuries received;

(j) 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 ;

(k) the term "competent authority" means in the case of India, the Central Government in the Ministry of Finance, Department of Revenue, or its authorised representative and in the case of Greece, the Ministry of Finance or its authorised representative.

2. In the application of the provisions of this Agreement in one of the territories any term not otherwise defined in this Agreement shall, unless the context otherwise requires, have the meaning which it has under the laws in force in that territory relating to the taxes which are the subject of this Agreement.

#### ARTICLE 3

##### **PERMANENT ESTABLISHMENT**

1. Subject to the provisions of paragraph (3) below, tax shall not be levied in one of the territories on the industrial or commercial profits of an enterprise of the other territory unless profits are derived in the first-mentioned territory through a permanent establishment of the said enterprise situated in the first-mentioned territory. If profits are so derived, tax may be levied in the first-mentioned territory on the profits attributable to the said permanent establishment.

2. There shall be attributed to the permanent establishment of an enterprise of one of the territories situated in the other territory 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. In any case, where the correct amount of profits attributable to a permanent establishment is incapable of determination or the ascertainment thereof presents exceptional difficulties, the profits attributable to the establishment may be estimated on a reasonable basis.

3. For the purposes of this Agreement the term "industrial or commercial profits" shall not include income in the form of rents, royalties, interest, dividends, management charges, remuneration for labour or personal services or income from the operation of ships or aircraft.

#### ARTICLE 4

##### **BUSINESS PROFIT**

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 but for those conditions would have accrued to one of the enterprises but by reasons of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

#### ARTICLE 5

##### **AIR TRANSPORT**

1. Income derived from the operation of aircraft by an enterprise of one of the territories shall not be taxed in the other

territory, unless the aircraft is operated wholly or mainly between places within that other territory.

2. Paragraph (1) shall likewise apply in respect of participations in pools of any kind by enterprises engaged in air transport.

#### ARTICLE 6

##### **SHIPPING**

1. When a resident of Greece, operating ships, derives profits from India through such operations carried on in India, such profits may be taxed in Greece as well as in India; but the tax so charged in India shall be reduced by an amount equal to 50 per cent thereof, and the reduced amount of Indian tax payable on the profits shall be allowed as a credit against Greek tax charged in respect of such income. The credit aforesaid shall not exceed the Greek tax charged in respect of such income.

2. (a) When a resident of India, operating ships, derives profits from Greece, through such operations carried on in Greece, such profits may be taxed in Greece as well as in India; but the tax so charged in Greece shall be reduced by an amount equal to 50 per cent thereof and the reduced amount of Greek tax payable shall be allowed as a credit against Indian tax charged in respect of such income. The credit aforesaid shall not exceed the Indian tax charged in respect of such income.

(b) Sub-clause (a) of clause (2) shall not, however, apply as long as the laws in Greece do not impose any tax on income derived from the operation of ships belonging to foreign enterprises operating in the Greek territory. In such cases, the profits referred to in sub-clause (a) of clause (2) may be taxed only in India.

3. Paragraphs (1) and (2) shall not apply to profits arising as a result of coastal traffic.

4. The provisions of clause (1) shall not in the case of India affect the application of sub-sections (1) to (6) of section 172 of the Income-tax Act, 1961, for the assessment of profits from occasional shipping or tramp steamers; but the provisions of that clause will be applied, when an adjustment is to be made under sub-section (7) of the aforesaid section of the Income-tax Act, 1961, in such cases.

#### ARTICLE 7

##### **ROYALTIES**

Royalties derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

In this Article, the term "royalty" means any royalty or other like amount received as consideration for the right to use copyrights, artistic or scientific works, cinematographic films, patents, models, designs, plans, secret processes or formulae, trade marks and other like property or rights, but does not include any royalty or other like amount in respect of the operation of mines, quarries or other natural resources.

#### ARTICLE 8

##### **DIVIDENDS**

Dividends paid by a company which is a resident of one of the territories to a resident of the other territory may be taxed only in the first-mentioned territory.

#### ARTICLE 9

##### **INTEREST ON BONDS**

Interest on bonds, securities, notes, debentures or any other form of indebtedness derived by a resident of one of the

territories from sources in the other territory may be taxed only in that other territory.

ARTICLE 10

**INCOME FROM IMMOVABLE PROPERTY**

Income from immovable property may be taxed only in the territory in which the property is situated. For this purpose any rent or royalty or other income derived from the operation of a mine, quarry or any other place of extraction of natural resources shall be regarded as income from immovable property.

ARTICLE 11

**CAPITAL GAINS**

Capital gains derived from the sale, exchange or transfer of a capital asset, whether movable or immovable, may be taxed only in the territory in which the capital asset is situated at the time of such sale, exchange or transfer.

ARTICLE 12

**REMUNERATION**

1. Remuneration other than pensions and annuities, paid in Greece for services rendered therein out of public funds of India shall not be taxed in Greece unless the payment is made to a citizen of Greece.
2. Remuneration other than pensions and annuities, paid in India for services rendered therein out of public funds of Greece shall not be taxed in India unless the payment is made to a citizen of India.
3. The provisions of paragraphs (1) and (2) of this Article shall not apply to payments in respect of services in connection with any trade or business carried on by either of the Contracting Parties or political sub-divisions thereof for purposes of profit.
4. The provisions of paragraphs (1) and (2) of this Article shall also apply to remuneration other than pensions and annuities paid by the Reserve Bank of India, the Public Railways Authorities and the Postal Administration of India and by the Bank of Greece, Greek State Railways and the Greek Postal and Telegraphic Administration.

ARTICLE 13

**PENSION OR ANNUITY**

Any pension or annuity derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

ARTICLE 14

**PROFESSIONAL SERVICES**

1. Profits or remuneration for professional services or for services as an employee (including services as a director) performed in one of the territories by an individual who is a resident of the other territory may be taxed only in the territory in which such services are performed.
2. An individual who is a resident of India shall not be taxed in Greece on profits or remuneration referred to in paragraph (1) if—
  - (a) he is temporarily present in Greece for a period or periods not exceeding in the aggregate 183 days during the calendar year immediately preceding the relevant fiscal year,
  - (b) the services are performed for or on behalf of a resident of India,



- (c) the profits or remuneration are subject to Indian tax, and
- (d) the profits or remuneration are not deducted in computing the profits of an enterprise chargeable to Greek tax.
3. An individual who is a resident of Greece shall not be taxed in India on the profits or remuneration referred to in paragraph (1) if—
- (a) he is temporarily present in India for a period or periods not exceeding in the aggregate 183 days during the relevant "previous year",
- (b) the services are rendered for or on behalf of a resident of Greece,
- (c) the profits or remuneration are subject to Greek tax, and
- (d) the profits or remuneration are not deducted in computing the profits of an enterprise chargeable to Indian tax.
4. Where an individual permanently or predominantly performs services on ships or aircraft in international traffic operated by an enterprise of one of the territories, profits or remuneration from such services may be taxed only by the country of which the individual is resident.

#### ARTICLE 15

##### **PROFESSORS AND TEACHERS**

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

#### ARTICLE 16

##### **STUDENTS AND APPRENTICES**

An individual from one of the territories who is temporarily present in the other territory solely—

- (a) as a student at a university, college or school in such other territory,
- (b) as a business apprentice, or
- (c) as the recipient of a grant, allowance or award for the primary purpose of study or research from a religious, charitable, scientific or educational organisation,
- shall not be taxed in the other territory in respect of remittances from abroad for the purposes of his maintenance, education or training, in respect of a scholarship, and in respect of any amount representing remuneration for services rendered in that other territory, provided that such services are in connection with his studies or training or are necessary for the purpose of his maintenance.

#### ARTICLE 17

##### **ELIMINATION OF DOUBLE TAXATION**

1. The laws in force in either of the territories will continue to govern the assessment and taxation of income in the respective territories except where express provision to the contrary is made in this Agreement.
2. Subject to the provisions of Article VI income from sources within Greece which under the laws of Greece and in accordance with this Agreement is subject to tax in Greece either directly or by deduction shall not be subject to Indian tax.
3. Subject to the provisions of Article VI income from sources within India which under the laws of India and in accordance with this Agreement is subject to tax in India either directly or by deduction shall not be subject to Greek tax.
4. The graduated rate of Greek tax to be imposed on residents of Greece and the graduated rate of Indian tax to be

imposed on residents of India may be calculated as though income which under this Agreement is not subject to Greek or Indian tax, as the case may be, were included in the amount of the total income.

ARTICLE 18

**EXCHANGE OF INFORMATION**

The competent authorities 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 Agreement. 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 present Agreement. No information as aforesaid shall be exchanged by the competent authority of one of the territories which would disclose any trade, business, industrial or professional secret or any trade process to the authority of the other territory.

ARTICLE 19

**MUTUAL AGREEMENT PROCEDURE**

Where a resident of one of the territories shows proof that the action of the taxation authorities of the other territory has resulted or will result in double taxation contrary to the provisions of the present Agreement, he shall be entitled to present his case to the competent authority of the territory of which he is resident. Should his claim be deemed worthy of consideration, the competent authority to which the claim is made shall endeavour to come to an Agreement with the competent authority of the other territory with a view to avoiding double taxation.

ARTICLE 20

**ENTRY INTO FORCE**

1. The present Agreement shall be ratified and the instruments of ratification shall be exchanged at New Delhi as soon as possible.
2. Upon exchange of the instruments of ratification, the present Agreement shall have effect—
  - (a) in India, for any year of assessment, beginning on or after the 1st April, 1964,
  - (b) in Greece, for any fiscal year, beginning on or after the 1st January, 1964.

ARTICLE 21

**TERMINATION**

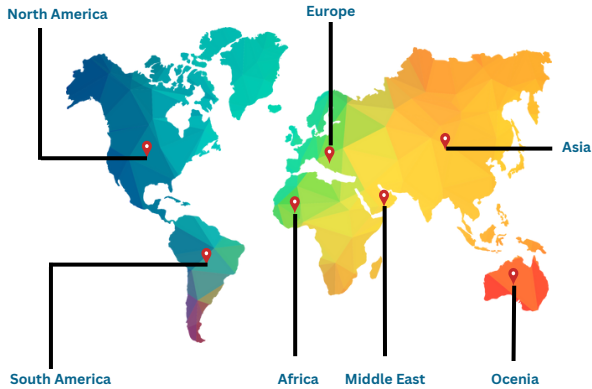
This Agreement shall continue in effect indefinitely but either of the Contracting Parties may on or before the 30th day of June in any calendar year after 1965 give to the other Contracting Party notice of termination, and in such event this Agreement shall cease to be effective—

- (a) in India, for any year of assessment beginning on or after the 1st April in the calendar year next following such written notice of termination.
- (b) in Greece, for any fiscal year beginning on or after the 1st January next following such written notice of termination.

IN WITNESS whereof, the undersigned duly authorised thereto have signed this Agreement and have affixed thereto their seals.

DONE at New Delhi on the 11th day of February, 1965, in duplicate in the English language.

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